

INTERNATIONAL NON-STATE ACTORS AND SOCIAL DEVELOPMENT POLICY

Paul Stubbs

Associate Senior Researcher

Globalism and Social Policy Programme (GASPP)

University of Sheffield, UK

Address: S. Draganica 1, 10090 Zagreb, Croatia

Tel and Fax: +385 1 3701 301

EMail: pstubbs@zamir.net

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Abstract

This article focuses on two broad groups of actors, international NGOs (INGOs) and international consultancy companies (ICCs), and situates them within wider trends in aid and development policies. In the context of a neo-liberal policy agenda, many leading INGOs reorganised so that they became closer to emerging ICCs, as consulting, outsourcing, and sub-contracting became key features of aid and development policy. Throughout the 1990s, in the context of declining ODA, and increasing spending on emergencies, trends towards concentration and oligopolisation amongst private development actors grew apace, fuelling short-termism, projectisation, and intense competition within the aid market. The article discusses a new aid and development regime which is focused on co-ordinated poverty reduction. It suggests that, notwithstanding its progressive elements, the regime will provide added impetus to existing tendencies towards concentration, oligopolisation, mergers and consortia amongst non-state actors, given that it is being implemented within the core principles of the new public management.

Key Words

Non-state actors, poverty reduction, new public management

Biographical Note

PAUL STUBBS is a sociologist and an Associate Senior Researcher in the Globalism and Social Policy programme (GASPP) at the University of Sheffield, UK. He is currently based in Zagreb, Croatia where he combines research on international organisations with activism work with civil initiatives and social development consultancy work. His interests include: children's rights; forced migration and work with refugees and displaced persons; diasporas and computer-mediated communication; civil society and social movements; and welfare governance in post-Yugoslav countries. His recent academic work has focused on the making of social policy in South-Eastern Europe and, in particular, on the relationship between global advice regimes and local memories.

Introduction

This article discusses the role of international non-state actors in the complex multi-lateralism of social and development policy marked as it is by a high, and sometimes seemingly unfathomable, degree of institutional fragmentation and competition. It focuses on two broad groups of actors, international Non-Governmental Organisations (INGOs) and international consultancy companies (ICCs), who are key players in the global politics of aid and development but whose activities are rarely scrutinised with analytical precision and, indeed, rarely studied together.

The text is informed by ongoing research and policy advice work by colleagues (Deacon, 2000; de la Porte and Deacon, 2002), as well as the author's own work in South-Eastern Europe, which utilises an ethnographic perspective (Stubbs, 2002), studying aid relationships, or "how aid happens" (Wedel, 2001: 6) within particular societies at particular times. Here, the intention is to 'scale up' the analysis from the micro- to the macro- level, tying specific causes for concern to more general issues raised by a number of commentators in the wider development literature. In the process, I seek to illuminate a series of important policy issues in social development. The policy conclusions at the end of this paper build on existing work and seek to complement other recommendations in striving to work towards "a rules-based and equitable world order" (Deacon, 2002: 11) that ensures the social welfare of all the world's citizens.

Definitions

The concepts used in this article are informed by and, in turn, contribute to, a particular theoretical and value position derived from recent attempts to merge social policy analysis with insights from development studies. Thus social policy itself may be defined as "... any policy developed at supranational, state, local or community level which is underpinned by a social vision of society and which, when operationalised, affects the rights or abilities of citizens to meet their livelihood

needs” (Overseas Development Administration, 1995: 26). The study of ‘global social policy’, therefore, is concerned with an analysis of “which supranational and global agencies are actors in the emerging processes of influencing national policy and engaging in transnational *redistribution*, supranational *regulation* and supranational and global *provision*.” (Deacon, Hulse and Stubbs, 1997: 22). In essence, this is what is meant in the text by ‘social development policy’, although, often, indices of official development assistance (ODA), as a particular form of transnational transfer, is taken as a proxy for this, albeit a poor one.

Recent work undertaken by social policy and development studies scholars at the University of Bath, UK, is particularly useful in helping to define the terms of the debate here. In a recent article, Ian Gough (2001) has outlined eight elements of what he terms ‘the extended welfare mix’, based on Geof Wood’s earlier notion of the ‘institutional responsibility matrix’ (Wood, 2000). The table below extends welfare regime analysis, with its traditional focus on social policy within one country, which sees welfare as produced and allocated in and through the inter-relationships of the state, the market, community and households, to encompass the role of global, supra-national, transnational or international actors alongside that of domestic actors.

TABLE 1: The Extended Welfare Mix¹

	<i>Domestic</i>	<i>Supra-national</i>
State	1. Domestic governance	5. International org’s, national donors
Market	2. Domestic markets	6. Global Markets, MNCs (multi-national

¹ (Gough, 2001: 169); numbers of matrix entries added.

		corporations)
Community	3. Civil Society, NGOs	7. International NGOs
Household	4. Households	8. International household strategies

The model draws attention to the role of these eight different broad actors in the production of welfare and security, and its converse, insecurity. Secondly, it suggests that social policy must be understood in power terms, not as a technical issue, by embedding these actors in the deep structures of social reproduction through a political economy approach. Thirdly, it focuses on the interactions between global pressures and local forces in producing welfare regimes. Fourthly, I would suggest that it introduces a greater degree of indeterminacy and flexibility in terms of an understanding of why certain policy outcomes develop. Indeed, the mode of analysis which looks at disagreements over policies within as well as between supra-national actors is a particularly important one (Deacon et al, 1997).

For our purposes here, the fifth and sixth categories in the matrix, those of Supra-National Markets (Global Markets and MNCs), and Supra-National Community (INGOs), are of greatest interest. These two components could be aggregated as a kind of Global Intermediate Category between the Global Public (IGOs and donors), and the Global Household or Global Private (international household strategies, including remittances home by diaspora). At the global level they are the correlates of those national actors which are neither fully public (as is the state) nor fully private (as is the household).

Having aggregated the two categories there is the need for a new disaggregation which is more like a continuum, with Multi-National Corporations, for profit, at one end, and International or Global Civil Society, not for profit, at the other end. In between are a growing group of Service Contractors, oriented to providing services in international aid and development markets. This group can be discussed as a whole since they, essentially, compete for many of the same contracts, whether or not they are, technically, not-for profit (INGOs) or for-profit (ICCs). Income derived from providing these services, running programmes and projects and so on, is income whether or not a part of it is distributed as a dividend to owners and shareholders. In a sense, it is these 'hybrid' organisations, with a strong market-orientation but also a public purpose, which are the main focus of this study. The notion of Service Contractors derives from David Korten's (1990) earlier notion of Public Service Contractors who "sell their services to aid donors and government agencies to implement projects and programmes" (Robinson, 1997: 59).

A similar focus is developed by Kees Biekhart in his pioneering study of democratic transitions in Central America where he refers to 'private aid agencies', although interestingly, he equates these with INGOs or Northern NGOs precisely on the basis of their value orientation, being, he argues "primarily driven by humanitarian values instead of profits ... originating in compassion and altruism" (Biekhart, 1999: 60). This insistence on focussing exclusively on INGOs rather than ICCs allows Biekhart to examine "how (and why) many private aid agencies committed to social change in the 1990s have shifted away from solidarity aid and appear to have surrendered to a market-driven culture in which solidarity has been replaced by the safer route of simple charity provision" (ibid: 18). Nevertheless, by not referring at all to ICCs, the approach poses some problems for an understanding of the range of actors active in the aid and development market.

In contrast, Janine Wedel's highly influential study of Western Aid to Eastern Europe in the early 1990s, notes the role of the 'Big Six' Western accountancy firms who "with contracts from USAID, the EU PHARE program, the British Know How Fund, the World Bank, the EBRD, and others, ... began to establish offices in Central and Eastern Europe and to launch commercial activities" (Wedel, 2001: 51). The value base of this group differs substantially from those studied by Biekhart, of course, but they are also Service Contractors and, as such, need to be studied as international non-state actors in social development. The fact that Price Waterhouse Coopers, a major accountancy firm, itself formed from the merger of two of the 'Big Six' companies, has recently advertised for a social policy co-ordinator in view of its increasing work in this field, should alert us to the increasing importance, massively under-researched, of this group in global social development policy.

At the other end of the continuum, are solidaristic social movements who do not engage in service activities, 'transnational advocacy networks' (Keck and Sikkink, 1998) who form a kind of, more or less loose and fluid, 'transnational public sphere' (Guidry et al, 2000: 5), promoting "models of human rights, consumer rights, environmental regulation, social and economic development, and human equality and justice" (Meyer et al, 1997: 165). Interestingly from the perspective of the argument presented here, Duffield's concern that, in the Balkans crisis, solidaristic Western peace and women's groups, also began to become service contractors, receiving donor funds to stimulate particular local constituencies, shows the complexity of the typology and continuum (Duffield, 1996). Often, in the literature, structural forms are confused with questions of motivations and values, as in the idea of a clear-cut three-fold distinction between 'instrumentalist goals', 'shared causal ideas', and 'shared principled ideas or values' (Keck and Sikkink, 1998: 30). Certainly, seeing Service-oriented INGOs and ICCs as an intermediate category does not preclude them seeking to maximise their income and/or engaging in value-led activities, although the legal status

of, say the ‘trading’ and ‘campaigning’ arms of registered NGOs or non-profits can be complex in certain national contexts.

In a sense, the whole focus has to be historically specific, tracing shifts over time in the development of what might best be termed the **supranational intermediate sphere**. In addition, the typology must be built on a recognition that many important new initiatives in global social governance further erode the ‘public/private’ dichotomy such as notions of ‘corporate social responsibility’ and of ‘public-private partnerships’ (cf. Ollila, 2003). In addition, the definition needs to address the inter-relationships between local and supra-national players. Nevertheless, the rest of this text is based on an expansion of Wood and Gough’s matrix to include a new category, that of the **intermediate sphere**, between the market and the community sphere, albeit with very permeable borders with both. Whilst the emphasis in this text is on group 8 below, this cannot be undertaken in isolation from interactions with all other parts of the matrix nor, within a broad political economy approach, from changing historical and structural processes and contexts .

TABLE 2: The Extended Welfare Mix: the intermediate sphere

	<i>Domestic</i>	<i>Supra-national</i>
State	1. Domestic governance	6. International org’s, national donors
Market	2. Domestic Markets	7. Global Markets, MNCs
Intermediate	3. National Service NGOs and Consultancy Companies	8. INGOs and ICCs
Community	4. Local Social Movements	9. Global Social Movements

Household	5. Households	10. International household strategies

A related definitional problem concerns exactly what is meant by ‘international’ when discussing INGOs and ICCs. The literal sense of linking more than one nation could apply to registration, membership, staffing and/or operations. Much of the literature is vague on this point although definitions of INGOs as operating in three or more countries are sometimes taken as the benchmark (Weiss, 1999: 5). In addition, because most of the data derive from OECD member states, the notion of ‘international’ actually becomes a strange and somewhat inadequate synonym for bodies with their origins, membership, and ownership, in ‘Western’, ‘Northern’ or developed countries but who work outside these countries. This practice is continued here despite its problems, to distinguish these non-state actors from emerging non-state actors with their origins in the developing and transitional worlds which may also be ‘international’. Obviously, the relation between these two sets of actors is, itself, complex and changing.

The Argument

This text seeks to build on this definitional foundation by examining, in broad terms, the historical lineages of international non-state actors. It then goes on to try to assess their income and to address certain trends within the sector. The core of the text focuses on the role of international non-state actors within what is described as an emerging New International Aid and Development Regime. The text ends with some policy questions and conclusions.

Crucially, the context of increasing poverty and inequalities within and between countries, regions and across the globe as a whole, in part related to particular kinds of global inclusions and exclusions, is the stark reality against which this text is written. The role of international non-state

actors in influencing and affecting 'the state of the world's welfare' is too important and too complex to be addressed by simple formulas, whether these are moralistic condemnations of the inevitable co-option of the 'Lords of Poverty', or a faith in new technical measures which will, finally, make a big difference. The need for a new architecture of global social governance which is being advocated will still involve a significant, if changed, role for international non-state actors.

International Non-State Actors in Historical Perspective

International Non-State Actors and the World Polity

In seeking to understand the contemporary and, indeed, future, role of international non-state actors, it is important to adopt a very long term historical perspective. Boli and Thomas trace their origins to the emergence of a 'contemporary world polity', "rooted in Christendom and Western law ..., the Enlightenment ..., and, at least through the nineteenth century, the Roman Catholic church..." (Boli and Thomas, 1999: 305). The growth and integration of the world economy, European imperialism, and the development of global transportation and communication systems, also in the nineteenth century, which elsewhere they describe as a complex mixture of "colonization, economic expansion, and evangelization" (ibid, 303) should be seen as the key underpinnings of the sector.

The origins are, therefore, certainly, Northern and Western, but also complex and contradictory. Whilst it is important to recognise "the decisive importance of scientific knowledge in sustaining and guiding technological development after 1850" (Castells, 1996: 34), in which older professions such as accountancy, the forebearers of emerging ICCs, helped to forge a new rationality, this is not the whole story. Religious thought continued to be of importance. In addition, it is certainly true that, from the very beginning, elements of the non-governmental charity sector developed 'anti-core agendas' (ibid), notably the British and Foreign Anti-Slavery Society, founded in 1839². In fact,

² The organisation still exists today, and is now known as Anti-Slavery International (cf. Chabbott, 1999, 228.)

adding militarism to the equation, so that the sector has, indeed, always been based on the complex inter-relationship between imperialistic militarism, religious evangelism, scientific rationalism, and political oppositionalism, helps to place debates about development and humanitarianism in their proper context.

Boli and Thomas analyse data on 5,983 INGOs founded between 1875 and 1988 and listed in the Yearbook of International Organisations which has been published since 1950 by the Union of International Organisations. This body traces its origins to the Central Office of International Organisations, founded in Brussels in 1907 and actively involved in the founding of the League of Nations (Boli and Thomas, 1999: 305) As an overview of the wider INGO sector the study is unsurpassed in the literature, although it is only complete until 1973.

Three crucial themes emerge from this study. Firstly, trends in the founding of INGOs match what the authors term the ‘general state of the world’, with steady growth until World War 1 and then a steep decline; faster growth until World War 2 followed by another steep decline; and then an ‘explosion’ of growth after World War 2, maintained until 1973. Indeed, although much fewer in number, the trend is remarkably consistent with that of the founding of Inter-Governmental Organisations (IGOs). Secondly, organisations with a regional focus, which “limit their membership by territorial or ascriptive criteria” (ibid: 30), were rare until after World War 2, but have expanded greatly since, with more regional than global bodies founded for the first time in 1959. Regional NGOs were, at first, predominantly European, then increasing numbers were founded in the Americas, and, from the 1960s, in Asia and Africa. Thirdly, nearly 60% of all INGOs concentrate on economic, scientific and technical issues, representing a core of ‘peculiarly invisible’ organisations. Those described as ‘Individual Rights/Welfare’, and ‘World-polity’ INGOs,

including many of the most prominent INGOs, rights-based organisations, relief and charity organisations, and environmental groups, account for only 14% of the total (ibid: 42-43).

There is no equivalent study of International Consultancy Companies, although their origins must also lie in the alliance of rational science, expert systems and professional services which achieved a relative autonomy from, and an indispensability for, emerging transnational trade, particularly in the nineteenth century. KPMG, one of the leading International Consultancy Companies, for example, traces its origins back to national firms established in the UK in 1870 and in the USA in 1897, merging to become Peat Marwick International (PMI) a worldwide network of accountancy and consultancy companies, as early as 1911 (www.kpmg.com). A major boost to the sector came with the rise in the West, from the 1970s, of what Castells has termed the 'service economy' including productive, distributive, personal (leisure) and, interestingly, social services (Castells, 1996: 209-216). Hence, within a new international division of labour, the conditions for the increasing importance of Western knowledge-based service systems in global markets were created.

Subsequently, it is the revolution in information technology in the last decade, and its massive impact on the nature of 'work', which provides the conditions for an explosion of International Consultancy, not just by companies but by an emerging army of free-lance consultants able to sell intellectual services in real and virtual space, either directly to clients or through mediating agents, companies or institutions. Again, Castells' insights are pivotal here, arguing that the 'emerging informational paradigm' introduces a new division of labour based on values, relationships and decisions which opens up a new space for a class of flexi-workers able to innovate and integrate through participation in and control of knowledge and information networks (ibid: 243-4). It is this new flexible space into which consultancy work fits as a hand into a glove.

The rise of a new non-permanent Western professional labour force consists of professionals who supplement their regular work with consultancies; senior professionals and executives who have retired (sometimes early); those in academia and similar bodies whose positions and/or promotions require the raising of external revenue through providing services; and a more transient and complex group, particularly those with existing experience with a range of international organisations, civil, military, public and private. It is what Castells terms the ‘individualization’ or, perhaps better, the ‘detraditionalization’ of labour which is crucial here, allowing for both a decentralisation of work tasks and their re-co-ordination in real time through a virtual interactive network of communication. The growth of “subcontracting, outsourcing, offshoring, **consulting**, downsizing, and customizing” (ibid: 265, emphasis added) thus becomes of immense importance. Whilst this began as a phenomenon in the North and the West, the extent of the incorporation of the East and the South into this is an area worthy of more exploration.

International Development Organisations

The Origins of Development INGOs

As a sub-set of INGOs, a group of organisations emerged in high-income countries to promote ‘development’ in low-income countries of Latin America, Asia and Africa and, later, in ‘transition’ countries of Central and Eastern Europe and the former Soviet Union. Of 1,620 INGOs studied by Chabott (1999), about one third (532) confine their activities to development advocacy, or education of the public in high-income countries. The remaining 1,088 are actively engaged in operational development activities, providing “funds, personnel and materials for actions undertaken in low-income countries” (Chabbot, 1999: 227). Of these development INGOs, over 80% were founded in the post-war period, i.e. from 1946 – 1985, concurrent with the emergence of modern concepts of ‘international development’.

The organisations founded before this are of particular interest. Chabbott suggests that those founded before World War 1 fall into three groups: missionary organisations; specialised humanitarian organisations (most notably the International Committee of the Red Cross founded in 1863); and professional, labour and political solidarity groups. Particularly interesting is the fact that “over two thirds of the development INGOs with founding dates prior to 1900 and surviving until the early 1990s mention a religion explicitly in their titles” (ibid: 228). Chabbott traces, also, three types of development INGOs emerging in the period between the two World Wars. The first of these are private philanthropies, although the Carnegie and Rockefeller Foundations were actually founded just before World War 1, and the Ford Foundation, although founded in 1936, was not particularly active until the late 1940s. The second group was specialised sectoral organisations, particularly focused on health and population issues. The third group were emergency relief organisations such as the Committee for the Relief of Belgium, established in 1914, and Save the Children, UK founded in 1919. Another surge in the founding of development INGOs occurred during World War 2 with a number of groups founded which would later become some of the biggest development INGOs, such as Oxfam, Catholic Relief Services, CARE, and Lutheran World Relief.

Growth

The period from 1945 to 1970 can be seen to have been the pre-cursor for the later ‘explosion’ of development actors, or what has been termed the ‘golden era’ of private foreign aid (Biekhart, 1999: 68). The underpinnings of this can be traced to a number of wider, chronologically overlapping, contextual factors. Firstly, the creation of the United Nations and its agencies from 1946 onwards, which was key to the ‘new humanitarianism’ (Black, 1986), spawning new UN support associations, and itself engaging in global redistribution and provision as well as regulation.

Secondly, the emerging role of the United States, during the Cold War, as a bilateral development actor, often using aid funds to pursue wider foreign policy objectives, with many US war relief agencies adapting to work closely with the US government and, from the 1950s, playing a key role in food aid programmes (Biekhart, 1999: 66). Thirdly, the creation of special Ministries or Offices for Development Co-Operation in the early 1960s³, following the formation of the Development Assistance Committee (DAC) of the OECD, all of which began to devote funds to international non-state actors and, more importantly, to provide a greater legitimacy for ‘development’ as a public discourse in the developed world. Fourthly, the conjunction of radicalism and decolonization in the 1960s, stimulating new thinking about aid and development and leading to the establishment of new Northern organisations and networks and the radicalisation of others (notably some church groups), with a much greater emphasis on social change and the need to switch from relief of poverty to a focus on the underlying structural causes of poverty.

Biekhart traces four factors associated with the ‘golden age’ for European and Canadian non-state development actors in the 1970s and 1980s: a massive increase in funding, mainly from official sources; a more pronounced domestic profile, aided by the revolution in communications; a polarised global climate; and the massive growth of Southern NGOs and social movements. Taken together, these provided a clear space for non-state actors to work as intermediaries in development contexts, as a potential ‘countervailing power’ constructing ‘chains of solidarity’ (Biekhart, 1999: 73). His concept of an increasing divergence between US and non-US actors is important, linked to the emergence of the World Bank as a major, some would argue *the* major, development actor in the 1980s, perhaps not coincidentally staffed proportionately by many more US citizens than the UN agencies (Chabbott, 1999: 247).

³ Biekhart (1999, 67) “Special ministries to administer development aid were created in France, Germany and Switzerland in 1961; Belgium, Denmark and Sweden in 1962; the Netherlands in 1963; Great Britain in 1964; and

Crisis

The role of the World Bank, the United States and, to an extent, the United Kingdom and others, in the promotion of a 'neo-liberal' policy agenda replacing, at least in part, that of a social democratic agenda, both at home and abroad, seemed, at first sight, to be an opportunity for INGOs active in international development. After all, the promotion of the view that "markets and private initiative are ... the most efficient mechanisms for achieving economic growth and providing most services to most people" (Hulme and Edwards, 1997: 5) and, even more so, the vital importance given to Non-Governmental, grassroots and civil society organisations in development, created conditions for increased funding in the short term at least.

This was, however, very much a double-edged sword since the professional staff of many of these NGOs, and the core of supporters 'back home' were not ideologically pre-disposed to the new policy orthodoxy. In a sense a new 'identity crisis' developed, in which the divergence between US and European agencies increased, and became more ideological. Perhaps even more importantly, a group of INGOs in the middle grappled much more than ever before with the contradiction between their broad motivation for social change and social justice and the organisational requirements of securing a lucrative aid contract, or what Michael Edwards termed the tension between 'developmental' and 'institutional imperatives' (Biekhart, 1999: 77). Some managed the contradiction better than others, using a proportion of aid contract funds to cover the costs of research and policy departments which became the 'value added' contribution of INGOs in terms of development policy debates.

In any case, as Biekhart reminds us, income for INGOs began to stagnate in the 1990s, as general ODA stagnated. The public development discourse began to exhibit increased doubts about, and

Canada in 1968." (ff. p. 309).

hence concern with, efficiency and effectiveness, fuelled by official reports and popular exposeses which demonstrated INGOs' poor performance, lack of accountability, and financial profligacy. Southern NGOs became increasingly important, often being preferred by donors as more efficient and effective partners, and themselves critiquing the neo-colonialism and interference which Northern and Western INGOs brought to the aid relationship. Indeed, the complex merging of neo-liberal economics with grassroots emphases on 'participation' and 'sustainable development' further eroded the space for Western INGOs to continue as before.

The identity crisis was profound and, in a sense, is still continuing. Many have commented on the 'weak learning' patterns of INGOs which have "contributed to a basic lack of clarity about future form and function and has manifested itself in an unprecedented period of self-questioning, with almost continuous strategic revisions, restructurings and new mission statements" (Madon, 2000). Biekhart's conclusion that, in the 1990s, "it was now a matter of institutional survival to behave as 'for profits' in a non-profit environment" (Biekhart, 1999: 74) represents one way out of this, as many INGOs pursued a much more instrumentalist path than previously. At this point, some of the research and policy development departments noted above lost ground to, or transformed into, public relations departments concerned much more with 'marketing', even 'branding', INGOs (Ritchie et al, 1999).

This fundamental reorganisation of many leading INGOs, introducing 'modern methods' evolved by 'management consultants' in the private sector; with the texts of management gurus like Tom Peters replacing those of earlier favoured authors such as Paolo Friere and Saul Alinsky (Hulme and Edwards, 1997: 280), itself led to points of joint interest and approach with a new generation of emerging development ICCs. In any case, the massive increase in funds to respond to complex humanitarian emergencies from the mid-1980s, also fuelled short-termism, projectisation, and

intense competition within the aid market, and detracted from wider development thinking and action.

Unlike Western INGOs, International Development Consultancy Companies have gone from strength to strength, and become increasingly important in this environment. This can be linked to the broad upsurge in conditions for consultancy noted above, as well as the specifics of the emerging aid market noted below. Above all, the increasing emphasis on particular business principles in aid and development, creates a niche for a range of development consultancy companies, some of which have this aspect as a new or expanding arm of their work, and others of which are newly formed. What is less clear is whether the trend has yet spread, in any large extent, to the South, although the erosion of critical research and analytic capacity through short-term consultancy has been remarked upon by one influential commentator (Mkandawire, 1998).

In a sense, the focus needs to be as much on the core personnel, often exhibiting ‘revolving door’ tendencies, moving between different types of agencies as well as increasingly engaged as consultants, and on their motivations and profiles, rather than exclusively on organisational forms. Some have suggested that there has been a narrowing and not a broadening of the profiles, skills, motivations, and career paths of professionals in development, with increasing specialisation in technical issues. This is relevant for our discussion, below, of the new aid and development regime.

However, this is not the whole story. The informational revolution has allowed for a mushrooming of policy institutes, think-tanks, and flexible advice agencies with a much more critical stance towards the orthodoxies of development and the stance of major IGOs and donor agencies. Many of these combine monitoring, advocacy and advice-giving with a broader political orientation and a keen desire to search for alternatives. Critical development studies scholars also offer alternative

positions and programmes, seemingly not unduly co-opted by their increasing involvement in consultancy. Donors themselves are increasingly interested in funding initiatives which offer a longer-term perspective on social change from within developing countries. Nevertheless, the issue of the significance of the international non-state sector must be addressed continuously if there is to be an opportunity for real learning in social development contexts.

Size Matters: Baselines and Trends

A New Baseline?

Notwithstanding the increasing focus on technicisation, efficiency and value for money within development projects, it was only in the year 2000 that a new baseline for assessing the financial size of development NGOs emerged. Even then, “the first systematic and empirical profile of a sector that has, to date, proved factually elusive” (Woods, 2000: 33), only covers European development NGOs and not those with their seats in the United States, Canada, Japan, Australia or New Zealand. Utilising, for the first time, NGOs’ own reports of their income rather than donor’s reports, the study analyses responses from 1,832 European development NGOs who provided detailed information on their budgets (only 41% of all those in the original OECD (1996) database). This showed that the total income of these INGOs for 1993 was 7.3 billion USD. This is itself approximately equal to what had been assumed previously to be the total figure for development NGOs in *all* OECD countries. The study acknowledges the possibility of some double counting but suggests that if, at a conservative estimate, this is taken to be the total income for all European NGOs then the OECD figure for 1993 is some 15.5 billion USD, or 28% of the then total ODA of OECD member states.

The study divides the sources of this income into three: Official Sources (from governments and multi-lateral agencies) which accounts for 42% of all income of those surveyed; Private Sources

(essentially voluntary donations) which also accounts for 42%; and Self-Financing (through trading and consultancy services) accounting for 16% (ibid: 18). In addition, the study shows a very high degree of income concentration and inequality within the sector, with the top 20% of NGOs accounting for 90.5% of total income, the middle 60% accounting for 9%, and the bottom 20% accounting for less than 0.5% (ibid: 19). The top 10 income earners (only 0.55% of those reporting) account for 21% of the sector's income (a total of 1.533 billion USD with Italian Caritas in first place with reported funds of 275 m USD, with others in the top 10 including Save the Children UK with 130 m. USD and OXFAM UK with 118 m. USD⁴). The 1,983 NGOs who provided data on staff and volunteers reported employing a total of 86,344 salaried staff, with almost ten times as many volunteers. UK NGOs accounted for almost one quarter of all salaried staff (21,227), 67% of whom were working in developing countries as compared with 45% for the sample as a whole (ibid: 23-24).

The publication of such a study in 2000, based on figures for 1993, is itself symptomatic of a chronic lack of factual data. The study, as its author records, "certainly serves to challenge the adequacy of existing methods of statistical reporting on NGOs" (Woods, 2000: 33). The massive underestimation of the extent of official funding for NGOs which the study appears to have revealed, largely a result of previous reliance on donor figures which often do not include bilateral funds and emergency funds, both of which have actually increased in importance since 1993, is particularly worrying in terms of any attempt to hold an informed debate on the extent to which international development NGOs have become 'too close for comfort' to official donors (Hulme and Edwards (eds), 1997).

⁴ Some of these figures are very similar to those provided for the same period, compiled from a variety of sources, by Kees Biekhart, *op. cit.* p. 61. Some of those not in the top ten in the OECD study, are of immense importance not least because of their high reliance on official aid, notably the German EZE (fifth in Biekhart's list with a 1993 income of

There is no equivalent, easily accessible, data on the income of International Development Consultancy Companies. The increasing importance of the sector can be gauged, however, from an analysis of “100 leading international development firms, NGOs, and agencies” compiled and sold by Developmentex.com (www.developmentex.com). Two thirds of those listed are consultancy firms, with the remainder INGOs, academic institutes or their off-shoots, with a very small number whose exact status is unclear from the description and web-page. Very few list their annual income although those which do include Abt Associates (US-based, founded in 1965) with an income of 184 m USD, only a fraction of which is for development work. Crown Agents, a UK company which was part of the public sector until privatised in 1997, states that, in joint ventures, it is involved in contracts totalling 6 billion GBP (about 9 billion USD).

Far more typical are the following three ICCs:

- Creative Associates International is “a Washington-based private consulting firm specialising in community development and post-conflict assistance; educational development and communication and technology application for development” (ibid). Founded in 1997, it has over 200 staff, 12 field offices, and estimates 2001 revenue at 35 m. USD with over 200 m. USD worth of work in signed contracts.
- GOPA-Consultants is a large international development consultancy based in Germany, specializing in human resources development with a Department for Human Resources and Social Development which “realises the vital importance of adequate social security and social services coverage for social peace and political and economic stability” (www.gopa.de). Founded in 1963, it had 189 staff in 2001 and turnover of approximately 34 m USD.

117.8 m. USD, 90% of which was from official sources, and the Danish Refugee Council (sixth in Biekhart’s list with income of 105.6 m. USD, 98% from official sources).

- Cowater describes itself as one of Canada's largest development consultancy firms concentrating on water and sanitation; financial management, audit and accounting; and social development. Its Social Development Group focuses "on activities designed to improve the well-being of individuals and communities; community development and mobilization; gender impact analysis; social communication; institutional analysis and assessment; processes that promote participation in decisions that affect people's lives; socio-economic assessments; and identification and inclusion of women's needs and priorities, as well as those of vulnerable and disadvantaged groups" (www.cowater.com). Founded in 1985, Cowater's annual consolidated revenue exceeds 10 m \$ CAN or 6.35 m. USD.

This suggests that the proportion of development income going to consultancy companies, whilst less than to INGOs, is not insignificant. It also shows that, in fact, one of the most important tasks of these firms is to hold curriculum vitae (CVs) which are important commodities in terms of a new flexible consultancy system – one firm boasts that it has over 6000 CVs on file. The need for more research on development consultancy companies, including studies of their practices on the ground, is a major issue which is only just beginning to be addressed in the literature on global social policy. De La Porte and Deacon's (2001) study of the use of sub-contracting by the European Union in its social policy advice to accession candidate countries, through PHARE and CONSENSUS programmes, is a rare exception. They show how the quality of advice varied according to the experts used, becoming 'close to a lottery' (de la Porte, 1999: 25), with a selection process biased towards management consultants able to produce 'glossy reports and charts' (de la Porte and Deacon, 2001: 60).

Discerning Trends

Given the new baseline from the OECD European NGO study, and the absence of a baseline for consultancy companies, trends over time are increasingly hard to discern. If we make some assumptions that trends reported in the development literature are true, at least in relative terms, whilst underestimating real income for INGOs, then a number of points can be made, at least for the period until the mid-1990s. Firstly, in the context of declining or stagnant ODA⁵, the proportion dispersed through INGOs and, we may infer, through ICCs, increased dramatically in this period, in part through the increasing importance of emergency aid⁶, and in part because of a wider agenda of sub-contracting, both bilaterally and multi-laterally. ECHO, the European Commission's Humanitarian Office, for example, channelled between a half and two thirds of its funding through NGOs in the first five years of the 1990s (Weiss, 1999: 14)⁷.

Secondly, within the INGO sector, there has been increasing internationalisation and oligopolisation with eight 'super NGOs', actually families or federations of INGOs (including CARE International, Oxfam International, World Vision International, Save the Children Alliance, Caritas International) accounting for as much as half of all aid income dispersed through NGOs (Donini, 1996), and up to 80% of the financial value of assistance in complex emergencies (Gordenker and Weiss, 1996: 218) by 1995. Thirdly, in the early 1990s there was a 'mushrooming' or perhaps resurgence is a better term, of 'democracy assistance', led by the United States and oriented particularly to countries in transition in Central and Eastern Europe and the former Soviet Union⁸. This trend was amplified by the European Union concerned, ultimately, with accession in some of the same countries and, more specifically, by German government support for former Eastern Germany (Burnell, 2000: 49). This

⁵ It is widely accepted that ODA declined between 1991 and 1997, although 1995 saw a relative increase. UNRISD (2000; 27) charts a 4.6% decline in real terms.

⁶ Bosnia, Rwanda, Kosovo, and East Timor became watchwords for new international crises with hundreds of INGOs appearing to descend overnight.

⁷ Whilst much of this may be attributable to the wars of the Yugoslav succession, Weiss' wider point that the EU itself channelled 95% of aid directly to Governments in 1976 but only 6% in 1990, and correspondingly aid through NGOs went from zero to 37% in the same period.

⁸ "(O)ver the course of the 1990s the U.S. Government spent close to \$ 1 billion on democracy programs for the post-Communist countries of Eastern Europe and the former Soviet Union". (Carothers, 1999; 41).

tended to promote packages of technical assistance which empowered a new generation of INGOs and, in particular, consultancy companies and individual consultants, and led to a global emphasis on ‘governance’ and ‘civil society’ as crucial elements of social development.

Fourthly, the role of USAID, the World Bank and the European Union as aid donors and lenders linking grants and credits with technical assistance has fuelled the growth of consultancies through competitive tendering. This has led to an increasing emphasis within the sector on the development of programme consortia bringing a range of expertise to their work. In addition, the formal or informal ‘tying’ of personnel, in which consultants from EU member states or from the US are appointed to positions which represent a significant proportion of aid for a particular programme, has become increasingly common. At the same time, many donor agencies have out-sourced some of what were, previously, their core functions to consultants, including reviews, policy advice and speech writing. Sometimes these are bundled together within framework consultancies whereby, on the basis of competitive tendering, one firm handles all requests for advice and assistance up to an agreed financial limit.

Fifthly, there has been an emergence of what might best be termed ‘supra-philanthropy’ with the establishment of new private foundations by particularly successful business leaders which make interventions in aid and development which are relatively large and which are tied to specific aims and objectives. George Soros’ Open Society Fund was the first of these, of course, originally focused on emerging democracies in Central and Eastern Europe and the former Soviet Union. The initiatives by Ted Turner (Turner Foundation) and Bill Gates (the Bill and Melinda Gates Foundation) are also relevant, with the latter, focused on health, also providing a stimulus for international non-state actors. Taken together, these issues point to the need to look in greater detail

at the emerging aid and development regime, which is inadequately understood only in terms of statistics and broad trends.

The New Aid and Development Regime: contrasts and continuities

A New Regime?

Since the beginnings of development studies as an academic discipline, every decade has been seen to have ushered in a policy agenda, approach, framework, or discourse which is sufficiently different from the previous one to be described as ‘new’. This is greeted skeptically by some old hands who argue, rather, that trends in development are more cyclical or pendulum-like, swinging to and fro between competing poles, with little reference to consolidation or lesson learning. Certainly, over time, new themes emerge but rarely replace entirely older themes. When they resemble these older themes, they are never quite the same thing, either, given vastly changed contexts. Over time, this can seem as if development is just becoming more post-modern, complicated, and diverse, with a baffling proliferation of actors, agencies, and forms. An alternative position, beloved of radical critics, is that every new initiative is just the latest trick to consolidate existing power relations.

In this section, we explore elements of what appears to be an emerging aid and development agenda which, for all its complexity, could be developing into a specific ‘regime’ in the sense of “a set of rules, institutions and structured interests” (Gough, 2002). This emerging regime, focused, I would suggest, on **co-ordinated poverty reduction**, has a number of positive and negative features, many of which are familiar and aired frequently in the literature. What is rarely discussed, however, are the implications of the emerging regime for international non-state actors.

At one level, the notion of ‘co-ordinated poverty reduction’ has always been at the forefront of development assistance. In the 1950s and 1960s, a ‘modernization through economic growth’ thesis, led by the US on one side and the Soviet bloc on the other, tended to assume that transfers of technology and science would integrate poor countries into a broad economic system, the effects of which would ‘trickle down’ to their own poor, a kind of ‘practical application of modernization theory’ (Cooke, 2001). In the 1970s, there was much greater emphasis on ‘equitable growth’ and the need to combine a micro-level basic human needs approach (BHN) with a New International Economic Order (NIEO). This was the heyday of the link, in fact, between the UN social agencies’ concerns with human development and quality of life, and radicalised and radicalising European INGOs’ focus on community development.

The 1980s were dominated by structural adjustment and a privatisation and safety net agenda, with the 1990s much more complex in terms of a resurgence of social concerns, allied with the importance of participatory methods and approaches (Chabbot, 1999: 239; *see also* Cooke and Kothari, 2001), creating ever more complex and complicated ‘aid chains’ (Biekhart, 1999: 98; Stubbs, 2000: 25). The continued decline of the UN agencies, at least operationally, was matched by their increasing importance as arenas for debate, with the Rio, Beijing and Copenhagen summits and, as will be discussed later, in a move towards strategic global development goals. In addition, the World Bank and, later, the IMF changed both in the participatory nature of their approach and, to an extent at least, adapted and diversified their policy prescriptions (Scholte, 2000). Some of the effects of this are hotly contested, not least in terms of the suggestion that the World Bank “has adopted and adapted the language of popular participation, rendering it amenable to its own structure and mandate” (Nelson, 2000: 149). In addition, ground was certainly lost, from a social rights perspective, as trade agencies, notably the World Trade Organisation (WTO), became increasingly important in the field of global regulation (Koivusalo, 1999).

Increasingly, in the 1990s ‘projects’ were emphasised to such an extent that some authors referred to ‘projectisation’ as projects proliferated which had, often though not always, meaningful internal aims and objectives but no clear idea of how these fitted into a wider agenda or context. The evidence that international non-state actors did interesting things but, rarely, with the poorest of the poor and, even more rarely, in a way which connected to sustainable policy change, led to a renewed interest in programmes not projects within development agencies. A new coherence, at least in terms of the overall goal, was combined with “a profusion of providers operating in a complex terrain of welfare pluralism” (Lucas and Cornwall, 2000).

Guidelines on Poverty Reduction

The initial parameters of the new approach originated in 1996 with the OECD/DAC strategy paper ‘Shaping the 21st Century: the contribution of development co-operation’ amplified in the ‘DAC Guidelines on Poverty Reduction’ published in 2001. In setting out “a vision of development co-operation based on partnerships around development strategies owned and led by developing country governments and civil societies”, the focus is on achieving the ‘explicit, quantifiable and time-bound’ Millennium Development Goals (MDGs) for 2015, endorsed at the UN Millennium Summit in 2001. The document heralds a linguistic shift towards ‘partnership’ so that ‘aid donors’ (‘the bilateral assistance community’) become ‘development agencies’ and ‘recipients’ become ‘partner countries’ or ‘partner Governments’ with ‘developing country civil societies’ now ‘stakeholders’(OECD, 2001: 21).

The approach is based on a strategic framework for translating development goals, through long-term partnerships, into policy actions, based on combining six core policy elements: ‘Pro-poor economic growth; Empowerment, rights and pro-poor governance; Basic social services for human

development; Human security reducing vulnerability and managing shocks; Mainstreaming of gender and enhancing gender equality; and Mainstreaming environmental sustainability approaches' (ibid: 32). These actions tackle causal factors and can be judged in terms of a series of 'outcome indicators' (ibid: 40-41). The framework seeks explicitly for improved policy co-ordination, consistency and coherence, providing as an Annex an 'Illustrative Checklist on Policy Coherence for Poverty Reduction' which focuses on the inter-connections between foreign, trade and development policies; on co-ordination between bilateral, multi-lateral and global development agencies; and on the internal reform of development agencies themselves and the skills and competences of their staff.

From a global social reformist position, the relative lack of emphasis within the approach on broad social policies, and on social rights, is problematic. It reinforces a tendency, within the MDG approach, to foreclose discussion of wider social policies and of current, and possible future, universal social provision in developing countries. Throughout, 'basic social services' are referred to as synonymous with basic education and health services. In the extended list of major policy issues, social issues is one of seven noted, including only 'Education and training; Social Safety Nets; Public Health systems; Migration; and Public health issues like tropical diseases and tobacco.' In other words, the limited nature of the goals certainly "leaves ample scope for the privatisation of the rest of social provision while international attention is focused only on basic service delivery." (Deacon, 2000b: 37). Similarly, an emphasis on 'Social Investment Funds' (Cornwall and Gaventa, 2000: 56), whilst seeking to ensure that lender and donor funding is more responsive to demands from the poor, has actually tended to be implemented by non-state actors, including INGOs and ICCs, thus undermining public provision both in terms of structure and delivery.

The DAC Guidelines are also a little reticent about Poverty Reduction Strategy Papers (PRSPs), seeing these as one of a number of “planning frameworks promoted by the international community” as tools to help translate MDGs into national poverty reduction policies, which, in fact, need to be “rationalised to reduce the burden of having partner countries comply with multiple planning instruments” (OECD, 2001: 14). PRSPs, approved by the Boards of the World Bank and the International Monetary Fund in December 1999, also purport to focus on promoting ‘country-owned poverty reduction strategies’ to implement the MDGs, although a largely enthusiastic internal review of initial work states that “some donors feel that the PRSP process has been dominated by the Bank and the Fund” (Staffs of the World Bank and International Monetary Fund, 2002). Whilst there has been a cautious welcome of PRSPs generally, some are beginning to question whether they are “the new face of structural adjustment” (Marshall et al, 2001), with an over-emphasis on macro-economic concerns at the expense of an holistic approach.

Non-State Actors in the New Paradigm

For our concerns here, the relative absence of attention to the role of international non-state actors in the new paradigm is particularly interesting. Much of the thinking within the OECD/DAC paper, including the critique of the ‘serious limitations’ of ‘free-standing projects’ outside of national planning frameworks, which has led to an increasing emphasis on sector-wide approaches (SWAs), clearly derives from elements of the critique of the role of INGOs. Whilst there is a focus on ‘national civil society’ within the approach, and a widening sense of what partners might be, the silence regarding INGOs and ICCs is deafening.

In a sense, one implication of the new approach might be that bilateral development agencies themselves play a much greater role. It may simply be that the focus is so much on this internal change process that the implications for change in relationships with external partners, including

INGOs and ICCs, has not been addressed sufficiently thus far. Certainly, if agencies combine decentralisation of their functions with greater co-ordination, then we may see an expansion of their staffing, as has already happened, at least in terms of social development staff, in some bilaterals. The key questions which remain unanswered, at this stage, are how, how far, and in what way, will this new regime affect sub-contracting and other relationships with international non-state actors.

A number of scenarios could occur. The most likely, at least in the short term, is the emergence of a new group of 'poverty reduction strategy' advisors able to translate policy pronouncements into programmes, to evaluate them, and to render them meaningful to a range of agencies in the system. More seriously, the shift from projects to programmes could reinforce tendencies towards concentration, oligopisation, mergers and consortia amongst non-state actors, since it will be these emerging supra-national agencies and alliances who will be the only ones with sufficient capacity to engage in the more complex and coherent programming being developed and likely to increase in importance in the future. Whether this will result in a real increase in programmatic capacity is a more open question, however. It also begs the question of the role of local actors and organisations within emerging consortia. If it is the case that few Southern NGOs or groupings have sufficient capacity to lead the process, might they, once again, become locked into relations of dominance and subordination within a newly revitalised Western development apparatus?

Another option would be that INGOs, in particular, revert to a role which is less focused on operations but, instead reflects "a greater emphasis on monitoring and as a channel of information" between diverse actors, as well as having "a greater role to play in building the capacity of national NGOs to do their own advocacy work and to engage with policy makers to translate grassroots experience into policy" (Wood, 2000: 60). This begs a number of questions, including where such INGOs would obtain funding for this work and what space, within the new regime, there is for

continued focus on grassroots work and, therefore, its scaling up into policy levels. In addition, there have always been tensions between the wider ‘social’ focus which some of the more critical INGOs maintain at the global level, and the relative lack of a social policy focus within particular national contexts. In part, this is a product of a development orthodoxy which tends to distrust social policy as a Northern and Western discourse, leaving little space for the articulation of support for public welfare.

Development and the ‘New’ Public Management

A wider concern is that the emerging regime is itself a product of the orthodoxy of ‘new public management’ which applied management concepts originating in the for-profit sector to Western welfare states and, later, to development contexts, as a key element of their ‘marketization’ (cf. Minogue, Polidano and Hulme (eds), 1998). The tenets of the approach have certainly infused development agencies, INGOs and ICCs, including “a sharper focus on (most often quantifiable) results or outcomes ...(and) an elevation in cost-management and (economic) efficiency enhancement in the use of public resources” (Ramia, 2003: 86). Polidano (1999) has suggested that the core components of the new public management are: the de-regulation of line management; the conversion of civil service departments into free-standing agencies and enterprises; performance-based accountability through contracting; and competitive mechanisms including internal markets. Within this the notion of a contract as enabling ‘the most cost-effective delivery of a service over a defined period of time (Minogue, 2000: 11) is crucial.

An approach which shifted the ‘social division of welfare’ in developed countries, may have unforeseen consequences when it is translated uncritically into development contexts (cf. Minogue, 2000). Most importantly, the effects of the application of a key component of the new public management, ‘competitive tendering and contracting’, need to be addressed, not least in terms of

the cultural context of policy transfers (Common, 1998). Proposing such a fundamental shift towards poverty reduction programmes, whilst leaving untouched a ‘marketised’ sub-contracting regime, does look a little too much like seeking to use ‘the master’s tools’ to dismantle ‘the master’s house’. The need for regulatory frameworks is recognised within the new orthodoxy, of course: indeed, the shift from a ‘providing’ state to a ‘regulatory’ state is, in some ways, at the heart of the new public management. However, there are real problems in the emerging role of international non-state actors in the sphere, akin to a kind of de-regulated regulation.

Whilst a ‘market-driven aid system’ has certainly been created, markets are of various types and contain imperfections. They need to be studied more closely than they have been thus far. At one level, there may be ‘new entrants’ to the aid and development market. These might include, in a dominant position, private sector companies, new consultancy firms, and individual consultants from the private sector. The new entrants may, however, be far more diverse than ever before, and include a new group of early-retiree international consultants who are more oriented to traditional Western notions of ‘public service’, more Southern activists and scholars; new generations of transnational volunteers; and so on.

Another issue may be the tension between the formal, and ever more complex and tight, rules of contracting and sub-contracting regimes and the continued existence of informal personal and friendship networks amongst the global professional development community. Whilst contracts are rarely awarded on the basis of knowing someone, access to knowledge about contracts may create an imperfection in the market. Increasing specialisation may, again, lead to contracts based on the ability to write good proposals rather than a track record of implementation. In a wider sense, the degree of ‘price fixing’ within the market, with some leading ICCs able to charge consultants out at rates up to 1500 USD per day, also presents a cause for concern, as does the ‘differential pricing’ of

foreign and local consultants. In any case, such markets are not easily entered by poor people, welfare users, or even by their networks and organisations.

Overall, then, the embracing of the new aid and development agenda by development agencies has unclear implications for the role of international non-state actors in the future. It may well introduce more complex and diverse markets, discourses and organisational forms which will require new kinds of standards, regulations, and frameworks to ensure a balance between innovation and quality control; incorporation and critique; and flexibility and coherence. Unless the role of these international non-state actors is grasped, however, it could prove to be a major Achille's heel of the entire framework.

Some recent thinking on 'output-based aid' (Brook and Smith, 2002) seems to be an explicit attempt to apply lessons from the new public management in advanced welfare states to development contexts. At one level, within the global development targets, there is a recognition that anti-poverty strategies must be based on access to good, reliable, public services. However, this is seen as only possible through the contracting out of these services. It is only through this sub-contracting, it is argued, that 'incentive structures' can be created which can ensure the efficient achievement of desired results. In the sense that public service delivery is, by definition, within this approach, 'delegated to a third party', one wonders in what sense it remains 'public'.

Again, such an approach must lead to a greater role for a new generation of performance service contractors, primarily composed of international non-state actors. The importance of a welfare mix as offering potentials for innovation, for efficiency, and for poverty alleviation, cannot be questioned. However, the focus on sub-contracting as, per se, the only way to achieve efficiency and effectiveness, appears more ideological than evidence-based. Hence, whilst at one level, the new

emphasis on coherence and effectiveness within strategic frameworks to alleviate poverty, is a major step forward, there are real problems in the application of new public management approaches and the increased role for non-state actors which it implies.

Conclusions

Sub-contracting Regimes

There is clearly a need for more research on the issue of ‘sub-contracting’ and its role within aid and development. Only through case studies of different agency practices can recommendations for good practice emerge. In a sense, sub-contracting regimes need to be judged from a position which, rather than focusing on cost effectiveness, focuses on ways in which to guarantee the incorporation of lessons learning and the preservation of institutional memories. The processes of aid and, in particular, how far they are untied from an obligation to purchase Western personnel or equipment, as well as how far they build genuine local capacity, perhaps the two most important criteria here, need to be studied in much greater depth. A larger research study of the intended and unintended effects of sub-contracting regimes may also reveal a greater debate and concern about this issue amongst development actors than may appear to be the case at first sight. It is, certainly, a major topic of informal discussion. Further, empowering developing country governments and civil society organisations to explore the room for manoeuvre within sub-contracting regimes would also seem to be important.

Quality Control – Registers, Standards and Benchmarking

There is widespread recognition that a more diverse aid and development system needs to be based upon a much greater attention to quality control, at the micro-level of individual consultancies, contracts and projects. For some considerable time, sections of the INGO community, particularly

those involved in humanitarian aid, have been engaged in efforts to promote self-regulation and, in particular, to incorporate acceptance of agreed minimum standards within this work⁹. In fact, it is far from an easy matter to translate minimum standards in the humanitarian field into other development contexts, although the movement towards standards in all spheres of human service activity should not pass development agencies by. One area which merits further exploration is the possibility of some kind of registers of organisations, including INGOs and consultancy companies, to be kept, either within donor agencies or co-ordinating bodies such as the DAC, which contained broad information on their interests and track record, regularly revised and updated.

There may also be a policy move towards a register of individual consultants since, in a sub-contracted aid market, it is the role of such actors which are increasingly important. At the moment, such registers are kept by some development agencies, but mainly for the purpose of ensuring that suitably qualified consultants can be identified for short-term assignments at short notice. It may be possible that these registers become extended and formalised to ensure a greater degree of 'appraisal' of consultants' performance, based on best practice of internal staff appraisal (entrance and exit interviews; learning issues; appraisals by contracting agency, by the consultant, and by various stakeholders; and so on). Some time in the future, it may be conceivable that such consultants would have to obtain a certificate of competence in international development, time-limited and renewable, in order to be eligible for contracts.

A linked, but rarely discussed issue, concerns the implications of consultancy modes for gender mainstreaming. Again, there is a shortage of research evidence, although the author's own experience of international consultancy assignments suggests that disproportionate numbers of men are engaged as consultants. It may be that this relates only to one particular field, social policy

⁹ Weiss, Thomas (1999) op. cit. p. 22 refers to the Sphere Humanitarian Charter and Minimum Standards.

consultancy, in one particular place, South Eastern Europe. However, at the very least, ensuring that aggregated figures for consultancy assignments include gender data would bring this aspect of work closer to development agencies' routine gender monitoring and equal opportunities requirements.

There is a need to couple standards with issues of codes of ethics, transparency, and clear mission statements. Again, whilst this has begun to occur in the humanitarian field, there is much less attention to it in development contexts. At the moment, practices of 'body shopping' – finding the best CVs to win a proposal; and of 'body swapping' – moving from one type of contract with one agency to another in a different field; tend to be subject to very little control (cf. de la Porte and Deacon, 2002). Above all, cumulative evaluation of the performance of all external development actors, in particular countries, in regions, and according to particular themes, would be of immense importance in building much greater learning into all development organisations.

The issue of transparency also relates to pricing. Of course, competitive tendering suggests that pricing is a matter between the contractor and contractee. However, the need to discuss pricing issues collectively and, perhaps, reach a broad level of agreement might help to avoid a situation where differential pricing leads to unintended effects in terms of capacity issues, amongst international agencies and between those agencies and local actors, counterparts and stakeholders. The issue of the unintended effects of high salaries for international and local staff or of international agencies, also needs to be addressed, particularly in emergency environments.

Backing the Local

'Trusting the local' has long been the mantra of the international development community. However, the logic of sub-contracting has not been adjusted accordingly. A fundamental shift in thinking is needed so that the involvement of any actors outside of a local environment and situation

needs to be carefully justified at every stage, including project design, project, development, tendering and implementation. The ‘value added’ of, initially, regionally-based organisations, groups and individuals followed by those outside of the region, should be explicitly stated and justified in all project documentation so as to minimise a kind of implicit ‘foreign is best’ modality which creeps into a project simply because of the realities of sub-contracting and tendering.

If the trend is to longer term programmes then this requires real capacity building of local partners and an explicit recognition, built into programmes, of a decreasing, strategically oriented, external capacity building component. It also requires direct support for new organisations to emerge who can play a leadership role in development projects in the medium- term. This should be the goal of framework partnership agreements which could require demonstration of increasing work and responsibility for local actors over a given time period. It also may mean encouraging more flexibility in terms of swapping and twinning arrangements so that local stakeholders are able to play decision-making roles in Northern development agencies.

More studies of international support from the perspective of ‘the beneficiaries of this support and assistance’ (Papic et al, 2001: 13) are clearly needed. As the recent study of Bosnia-Herzegovina shows, aid of between 46 and 53 billion USD has had little impact on social development, much less on viable institutions, the rule of law and the development of democratic processes. It has, however, fuelled artificial rises in GDP, a kind of aid-driven growth in a weakened state, without internal stewardship of the economy, and no broad economic strategy other than failed and corrupt privatisation. The combination of recommendations for development aid to strengthen local capacities, in the context of national and regional social, political and economic development, and to be more transparent, integrated and co-ordinated, have a wider resonance.

From Poverty Reduction to Social Rights

If there is increasing attention to poverty reduction, then this must be in a wider structural framework and, above all, one which gives attention to issues of social rights. Much of the most recent thinking on issues of poverty, already embrace wider questions of social exclusion and inequality. This suggests the need for analysis of livelihoods, social justice and social rights, including the importance of universal entitlements, going far beyond the current emphasis on basic education and primary health care. A social rights perspective needs to continually move between micro-, meso- and macro-levels so that the links between issues of governance, provision, innovation, access and voice are continually addressed.

Perhaps above all, partnerships for social justice cannot be technical but, rather, must involve attention to power issues. In this way, allies can be found amongst international non-state actors, providing many of the 'rules of the game' are changed in the interests of a genuine move to a more inclusive globalisation. Part of this must involve Ministries or Departments of Aid and Social Development ensuring that Foreign and Trade Ministries also understand these shifts, and are engaged with a range of international, regional and local non-state actors. Donor Governments can play a role in articulating a vision which is responsive to the critiques of globalisation as disenfranchising large parts of the world and a leader in a new dialogue for global social justice. Many in the international aid and development community would be responsive to such a lead.

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Three Comments on the Article

1. Transnational Actors and the Politics of Poverty Reduction

Jeremy Gould, Academy of Finland

I like the paper very much. It deals with very complex issues with deceptive clarity. In many ways it mirrors, at the global level, the concerns and conclusions of work I have been recently engaged in on the politics of Poverty Reduction policy formulation in Tanzania (Gould and Ojanen, 2002).

That work convinced me of the growing importance of transnational non-state actors in policy formulation – we found that their influence is growing rapidly, that they are benefiting most – in relative terms – from the emerging ‘coordinated poverty reduction’ aid and development regime, as the above text so aptly terms it. In addition, the paper and our own work points out the blurring of the private/public distinction as private agencies (ngos, think tanks) increasingly take on public policy functions. There is also a blurring of the internal/external distinction or the transnationalization of policy arenas. Above all, the texts point to the futility of trying to grasp the dynamics of contemporary aid relationships on the basis of single-sited studies.

So much of what one sees going on in the policy arena in a country like Tanzania is the outcome of the behaviour of actors whose strategies encompass multiple levels and operate simultaneously at numerous sites. It is especially difficult to grasp the aims and modalities of the transnational private, non-state actors, for three main reasons:

1. There is an intrinsic lack of transparency of private actors – accountability mechanisms (relationship between board and management, between HQ and country/regional outposts, etc) are opaque. Little is known about how they manage their assets – a substantial sum of money when taken in the aggregate.
2. The activities of these actors are dispersed among levels and sites. What is Oxfam or CARE or ActionAid or Caritas (or Ernest & Young or Price Waterhouse Cooper for that matter)? How

does their global advocacy/consultancy work relate to their engagement with domestic policy debates in Tanzania or elsewhere? What is the significance for their social and political accountability of the various modes of ‘partnership’ and subcontracting in which these private agencies are increasingly involved with bilateral public aid agencies, multilateral institutions and one another?

3. Finally, as the text attests, there is virtually no detailed empirical research on private (non-state) global actors.

I read this study with immense curiosity and anticipation that the broader picture encompassing our own localised and splintered observations in Tanzania, would now come into focus. To some extent, this is what indeed happened. Above all, the insight of interrogating the organizational structures and strategies of transnational private aid agencies (INGOs) alongside those of transnational consultancy companies (ICCs) as members of an intermediary set of actors in the realm of international relations is brilliant. It places INGOs in a much clearer analytical context than can the competing paradigm which sees INGOS as the avant garde of ‘global civil society.’ It helps look past the rhetoric of ‘independent expertise,’ ‘humanitarian intervention’ or a ‘rights-based approach’ to see the material incentives and organisational imperatives that affect the strategic behaviour of these actors. It also allows us to think more clearly about the factors that influence brokerage roles/functions (mediation) in the ‘aid and development regime.’ The decision in the text to zoom in on subcontracting relations and procedures amplifies the benefits of this approach.

I have no qualms with these analytical manoeuvres and will not take time recounting the insights. However, in the final analysis, what the text gives us is less a set of detailed empirical findings and more the sophisticated and extremely useful foundations for a research agenda into the role of international non-state actors in the formulation and implementation of social development policy,

and in International Relations more generally. I find this research agenda extremely important and am immensely grateful to the author for having outlined it so clearly and compellingly. My remaining comments are thus directed at the contours of this research agenda and on the adequacy of the analytical strategy which has been sketched out for pursuing further inquiry into this timely and immensely consequential field.

In this context, I have three interrelated points:

1. Context: It is crucial that we have a clear understanding of the context within which the tendencies affecting the actions and strategies of international non-state actors play themselves out. The text gives us a number of valuable characterisations: on the one hand: the notion of a ‘coordinated poverty reduction aid and development regime’ and on the other: observations concerning tendencies toward concentration and oligopolisation that affect both the for-profit and not-for-profit dimensions of the non-state sector.

However, I think we need much more empirical evidence of the positive outcomes of the coordinated poverty reduction (CPR) regime before celebrating its ‘progressive elements,’ as this text is wont to do. Are coordination and harmonization genuinely about lessening the burden of aid management for reformist recipient governments (as the OECD/DAC and others proclaim), or primarily about reconsolidating the embattled hegemony of the IFIs in the wake of the SAP debacle, and, ultimately, about streamlining the disbursement of multilateral credits (moving money)? Can we take seriously a rhetorical commitment to ‘poverty reduction’ that brackets the fundamental development issues of equity in trade, enhanced productivity and employment? These issues are missing from most Poverty Reduction Strategies (PRSs), while macro-economic conditions aimed at protecting creditor interests are firmly intact. On the level of rhetoric, ‘coordinated poverty reduction’ responds to many pivotal criticisms of the neo-liberal orthodoxy it claims to supplant.

But to what extent do empirical mechanisms and outcomes on the ground correspond to this ‘progressive’ image? On the basis of existing research, including my own, I am sceptical. The jury is not yet in, but it is clearly too early to take ‘coordinated poverty reduction’ at its face value.

While this is a very general observation, it relates directly to the context of subcontracting arrangements between transnational non-state actors and the champions of the CPR regime. It is specifically the ‘progressive’ rhetoric of ‘coordination’ and above all of ‘poverty reduction’ that paves the way for emerging ‘partnerships’ between transnational ‘advocacy’ agencies – the self-proclaimed representatives of ‘global civil society’ – and the multilateral financial agencies and their allies.

My second remark on context is that the oligopolisation that characterises organizational development among transnational non-state actors echoes a deepening hegemonisation in the aid and development regime. Existing, Bretton Woods endorsed PRSs reproduce the alienating and debilitating macro-economic prescriptions of the SAPs (deregulation, wholesale trade liberalization, privatisation), with little if any attention to promoting what the text terms ‘local stewardship of the national economy.’ The ‘coordinated’ aspect of coordinated poverty reduction works to ensure that alternative policy agendas are not articulated nor debated in democratic public fora.

Only one thing is relatively certain about these parallel trends: intensified aid coordination around an agenda of privatised social service provision encourages unsustainably high levels of lending. The creeping privatisation of service provision that the text documents points at mechanisms by which the interests of transnational private actors are being harnessed in the service of very unprogressive tendencies in the new aid and development regime: ‘Northern’ dominance over the

modalities of governance (including social policy formulation), persistently high levels of aid dependence, and deepening indebtedness.

2. Modalities of Governance: The author calls attention, reasonably, to the need for clearer standards for the evaluation of ‘expertise’ injected into policy processes. It is naturally vital for governments and aid agencies to be able to distinguish between apples and lemons. The author also wishes to champion the cause of ‘local’ experts. I am sympathetic with this. The issue, though, is broader than that of establishing ‘standards’ of expertise. It pertains also to the substance of ‘capacity building’ exercised on both state and non-state actors and agencies. INGOs and ICOs are widely subcontracted by bilateral and multilateral agencies to build local capacity within ‘civil society.’ Increasingly this relates to the realm of ‘policy advocacy’ – i.e., in the capacity to ‘participate’ in policy consultations around elements of the PRS or related bits of legislation. The non-state actors that require closer study are deeply implicated in engineering the political foundations for emerging social policy regimes. Policy formulation is deeply political, both in process and in outcomes. Indeed, a ‘capacity’ to participate cannot easily be divorced from the substantial issues one is advocating for, or from the alliances and coalitions a group or association must manage in order to promote its agenda.

We observed in Tanzania that with the intensified ‘coordination’ of policy agendas, and with the strong push for consensus-building around the Bank-endorsed PRSP, the focus of donor-sponsored ‘capacity building’ tends to emphasize style over substance. What has become most important – drawing on insights proposed by Annelise Riles (2000) – are not substantial outcomes – an ability to challenge the government on the political implications of policy delineations – but the *aesthetics* of performance: the capacity to conform to the reporting formulae of funding agencies, or, as de la Porte and Deacon (2002) note of EU social policy advice, to produce ‘glossy reports and charts.’

This represents a clear hollowing out of standards of judgement that constitute the core of expertise on public policy issues.

I think we need to be very concerned not only about the relative ‘track-records’ of technical expertise, but about the core capabilities that are seen to constitute professional competence. I am afraid that the growing obsession with ‘style’ over substance is not an aberration – the result of institutional amnesia within government agencies – it reflects an intrinsic corollary of a depoliticised, oligopolised policy regime. We need to look much more closely at the way in which subcontracting arrangements between public and non-state actors create incentives for such perverse modes of professionalization.

3. The Normative Perspective of Analysis: Finally, I would like to ask whether is the core issue at stake is of *policy* outcomes or of *political* outcomes (i.e., the impact of these trends on social movement formation). Current ‘coordinated poverty reduction regimes’ lack popular/democratic legitimacy. Numerous studies, including our own, demonstrate that the ‘consultations’ loudly touted by the World Bank and its allies, have no other practical function than to lend a semblance of legitimacy to the exercise of power by a technocratic transnational policy elite. Of great concern to me is the way that, in Tanzania, INGOs have assumed a role of ‘surrogate civil society’ in the formulation and monitoring of the PRS, crowding out domestic civic groups that lack to the capacity (i.e., a proper sense of ‘style’) to contribute constructively to social policy debates. At the same time, the INGOs that have most actively co-opted the political space of ‘consultation’ are increasingly intimate with the ‘coordinated poverty reduction’ regime.

The way that non-state actors are inserted in local political arenas may be having a destabilizing effect on domestic actors committed to democratising policy formulation. This, I believe, should be

a key research issue. Limiting concerns to policy outcomes – or worse still, policy rhetoric - can allow us to take these depolitised policy processes for granted. In the longer run, public provisioning arrangements can be politically sustainable only if they respond to democratic demand – demand with effective popular modes of expression – through statutory institutions and/or by mass-based advocacy.

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2. Non-State Actors and the Delivery of Development Policy

Laurie C. Joshua, Social Development Consultant, UK

Overview

The paper attempts to capture and track trends that are reconfiguring the systems and structures of the international aid delivery system. It pays particular attention to quantitative and qualitative changes in the utilization and management of sub-contracting as mechanisms for the design and implementation of international development agendas. In addition, it also raises a number of pertinent questions about the impact of subcontracting at rhetorical and reality levels of global poverty reduction.

However, the expansion in the use of subcontractors has not occurred in isolation. It has been paralleled by significant reforms in the bureaucratically embedded processes of negotiating, administering and monitoring contracts. These reforms have seen a substantial redrawing of the boundaries of responsibility between the contractor [supplier] and donors [contractee] – in effect the articulation and practices associated with the **new public management** has involved discrete changes in the ways that the production and management processes involved in Overseas Development Assistance [ODA] are being transferred to subcontractors. In effect, the administration of government ODA for the design of policy and the delivery of services traditionally managed through Weberian [1968] bureaucracy has changed, but has not been totally displaced by market-oriented mechanisms.

The transformation process has been predicated upon the exportation of public sector bureaucracy, from the patron [donor] to the supplier [contractor]; and the relocation of the bureaucratic mechanisms appropriate to the management of an ever-widening range of tasks associated with

ODA and poverty reduction. The movement towards an increased reliance on external sources of labour [which is integral to sub-contracting] could, on the one hand, ostensibly bring greater exposure to market imperatives. Contrary to the dismantlement of hierarchical employment structures, these reforms in aid delivery structures could, on the other hand, represent the reconfiguration of the bureaucratic organisation of production and management processes involved in ODA. It is to these issues and tensions that I will address my comments, because the paper tends to make only passing reference to these crucial themes which have a significant role in defining how ‘aid happens’.

The Organisation of How Aid Happens: The Situated Reality of Capital-Labour Relationships

The paper offers interesting insights into the complex inter-relationship between what are termed “imperialistic militarism, religious evangelism, scientific rationalism, and political oppositionalism”, and how these forces – particularly the alliance of rational science, expert systems and professional systems – have been brought to the fore in the emerging trade in consultancy services by non-state actors primarily based in OECD member states. This trade has increased in size and volume in parallel with the deregulation of economic and organisational structures within OECD countries. Government agencies involved in articulating and implementing international development [e.g. DFID, CIDA, SIDA etc] – which are an integral part of northern bureaucracies [i.e. these agencies are controlled by elected Ministers, and administered by impartial civil servants in accordance with the wishes of the government elected to power] - have tended to position their operations in the context of changes in internal labour markets. The repositioning of their operations was most pronounced during the 1980s and 1990s.

According to Deakin and Michie [1997] one of the key features of the deregulation of domestic economies over the past two decades has been the revival of the contract as the foremost organizing

mechanism of economic activity. The significance of this shift to external contracting represented a new departure in the organization of production and management, which has relocated the medium of a government department's activities through a series of commercial contracts rather than via vertically [in-house] integrated bureaucratic structures. This shift has ostensibly meant a movement away from hierarchical relationships, and toward horizontal market-based exchange. Such developments have had implications for both the mediation of relationships between two discrete capitals [human and financial], and for the nature of capital-labour relationships. For international development agencies like DFID, CIDA, SIDA, USAID etc. this means they have to rely on the production and management contribution of labour over which they no longer have a direct employment relationship. This ties in with the observations made about Castells' insights into "individualization".

However, to counter-balance this potential loss of bureaucratic control, international aid agencies have also sought to ensure that suitable mechanisms are in place to regulate the capital-labour relationship in the absence of a direct employment contract. The loss of the employment relationship also generates cost savings - in the context of seeking efficiency savings and managing budget constraints - since the international development agency [the contractor] no longer has to bear the costs of individual contributions for pension, health insurance, social insurance, sickness benefits, or maternity/paternity leave – all of which add substantially to direct and indirect employment costs. The drive to reduce costs associated with payroll taxes and benefits have been under explored in debates about contracting-out, and often end-up being fudged in terms like "efficiency gains".

In the European context, and in keeping with wider labour market developments brought about by moves to intensify the single market, the boundaries between internal and external labour markets

have shifted through the increased use of sub-contracting. It is, to my way of thinking, this boundary change that has been extended to the global level of contract management for ODA. For international development agencies, that are part-and-parcel of domestic bureaucracy, this has led to the reorganization of production and management functions being put out to contract, a shift in the capital-labour relationship, and the reform of mechanisms by which these agencies have sought to co-ordinate activities in key areas of delivering ODA. However, this shift may have led to unforeseen outcomes that have necessitated the effective re-regulation of the capital-labour relationship and are, in their wake, generating a series of reforms that blur the notion of the nominal shift towards more market-based approaches to contracting for labour.

This blurring process has involved the rationalization of the number of contract partners and a movement towards much larger contracts with fewer supply firms – hence the emergence of framework contracts to manage horizontal and vertical dimensions of policy development and programmes. This process has, in turn, been paralleled by the reform of the internal mechanisms for the negotiation, administration and monitoring of contracts, which are reflected in the development of a heightened level of bureaucratic underpinning to support the increased recourse to external markets. So, when the article refers to changes in the employment profiles of international development agencies, and the emergence of jobs such as “poverty reduction advisers”, the following questions also have to be asked: What are these jobs designed to do? What incentives underpin the career patterns of these jobs? What criteria are used to determine performance? These jobs are largely the product of new contracting regimes, based on the redrawing of the boundaries of responsibilities between contract partners, and the increased reliance on the terms of the contract as a mechanism of control over labour [defining what needs to be done, how it needs to be done, and when it needs to be done] involved with the production and

management of ODA. In addition, they are also designed to facilitate joined-up action between bilateral and multilateral actors.

However, if joined-up action at this macro level is to be successful agencies, and particularly their directly employed agents, need to work together. Under present conditions, agencies, their cultures and their interests act as a significant constraint on attempts at greater co-operation. Managing separate bilateral and multilateral programmes and projects also act as major constraint. There would also need to be close and continuing discussion of problems and putative solutions. If this is to work, consenting agencies involved in a particular agenda or activity need to work together. The extent to which a government's international aid agency engages in contracting out and other market-based approaches, and the development of heightened levels of bureaucratic underpinning, will to a significant extent be determined by two factors: firstly, the social and macro-economic forces that shape and inform domestic capital-labour relationships; and secondly, by the extent to which individual bilateral agencies seek to engage in joined-up activities with others. Hence the patterns are likely to be uneven and disjointed over time and space.

The Bureaucracy and The Contract Relationship:

With sub-contracting increasing in importance a greater deal of attention, as the article suggests, needs to be given to the nature of contract relationships as applied to the production and management of ODA. Nevertheless, it is possible to discern a number of issues and themes that are likely to become increasingly significant in debates about the future of contracting and the delivery of ODA:

- The extent to which the development of longer-term, more stable contracts with OECD and non-OECD contractors becomes the norm. The benefits of long-term contracts have been heralded at both a theoretical and empirical level. Exponents of transactions costs analysis

point to the advantages associated with the ‘harmonization of interests’ [Williamson, 1991], or the reduction of ‘goal incongruity’ [Ouchi, 1980], and the benefits of ‘managed markets’ [Butler and Carney, 1983] augmented by mechanisms usually associated with hierarchical forms of organization. Alternatively, Stinchcombe [1990] points to ways in which uncertainty over future events, which may act as an incentive and rationale for hierarchical organizations, have been obviated in areas which have been primarily organized through contracts by the existence of ‘contractual functional substitutes for hierarchy’ [Stinchcombe, 1990:196]; including relations of command, incentive systems, standardised operating procedures, dispute resolution structures, and pricing variations that are partially insulated from market forces.

- The extent to which trust becomes rooted in the institutional framework or contractual environment within which it operates. Such ethereal qualities should not be reified to the extent that they obscure the tangible structures and mechanisms required to underpin them, such as substitute regulatory mechanisms and accreditation systems. Indeed, Collins [1997] suggests that large agencies, such as international development donors, can compel suppliers to comply with such schemes. Presumably this facet of compulsion could be applied in equal measure to the intermediary role of international temporary employment agencies [like Developmentex.com] who recruit consultants for international development contracts, and the development of approaches which entail the extension of their sphere of control shifting beyond supplying the burgeoning international labour market for international development consultants into labour production and management processes.
- The extent to which the responsibility for tendering and negotiating contracts within government international development agencies is incrementally relocated, from being a

centralised HQ operational function toward local procurement regimes; and the extent to which reflexive relationships emerge between HQ and local supply and delivery systems. In parallel, this will require monitoring the extent to which the number of suppliers either increase or reduce in number, and the extent to which quality accreditation systems are developed and applied [such as the application of BS5750 which is used as a benchmark in the UK and its equivalent among other EU member states]

- The extent to which reliance on the terms of contract as mechanisms of compulsion is underpinned by new approaches to fostering relations with contract partners based on innovation, quality and performance. This would entail assessing the extent to which coercive measures such as withholding payments, starving particular contractors of resources until they ‘get their act together’, and termination [‘exit’ measures] are deployed as part of an arsenal of labour production controls; and the extent to which negotiated solutions or ‘voice’ measures are preferred to ‘exit’ [Hirschman, 1970]. The extent to which ‘exit’ measures are used would be a proxy ‘indicator’ of the extent to which the logic of the market is being deployed, and the use of ‘voice’ measures would be a proxy ‘indicator’ of the extent to which there has been a retreat from the logic of the market.
- Shifts in the range and type of tasks that are contracted-out. This has particular relevance in the context of country-level Poverty Reduction Strategy Papers [PRSPs] and Medium Term Expenditure Frameworks [MTEFs], where international development agencies are gradually shifting resources away from programmes and projects to large-scale budget support operations in line with PRSP and MTEF objectives aimed at complementing the supply of credits channelled through Poverty Reduction and Growth Facility [PRGF] by the

IMF and World Bank¹. This will also have to take account of the balance that emerges, in different contexts, between adjustment type operations linked to budget support, and investment operations linked to objectives aimed at strengthening technical efficiency and improving organizational effectiveness.

- To draw these threads together, there is a need to examine how the contracting process works too with these issues; to demonstrate the link between the nature of the contract relationship between the contractor and contractee, the mechanisms by which this is mediated, and the use of subcontracting as an alternative approach to the management of labour in the production and management of ODA.

In effect the agenda needs to assess whether contracting represents a shift from bureaucracy to the market, or whether new forms of contracting labour for the production and management of ODA actually reconfigure and reinforce public-oriented bureaucratic processes. The extent, patterns and conditions under which OECD and non-OECD based non-state actors engage with these vertical and horizontal processes will be of critical importance. Likewise, the extent to which there is joined-up action between OECD-based international development agencies is more than likely to be an over-riding determining factor in the development and expansion of contracting regimes

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¹ It is noteworthy that in 2000 the EU signed a memorandum of understanding with the World Bank on supporting PRSPs in the Africa region.

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3. Finnish Perspectives on the Role of the International Non-State Actors in Policy Formation

Timo Voipio, Adviser, Ministry of Foreign Affairs of Finland

I read the paper with keen interest, and I congratulate the author for completing it. I always planned to write a similar paper myself, and in fact, I have written something that is closely related, and similarly critical about the largely unrecognised impacts that the *New Public Management* ideology has had – and has – on democratic governance, especially of development cooperation. (Voipio, 2002). I found it very interesting to try to compare the perspectives from which the various stakeholders of the aid system would assess the paper's key messages.

From an aid administrator's perspective I can confirm that the analysis is correct as regards the way the text presents the central elements of what the author calls the '*New Aid and Development Regime*'. I often call it the '*Global Millennium Consensus*' on poverty oriented international development assistance. I'll say a few more words about that in a minute, but before that, let me say what I felt about the second major argument of the paper.

My assumption is that not everybody understood why the author criticised what they call the '*New Public Management*', or why they were so concerned about '*competitive tendering*'. As we all know the 1980s and 1990s witnessed the apotheosis of *neo-liberal* thought in the global economic policy thinking (See Alam (1997), Clarke and Newman (1997), Farnham et al. (eds. 1996), Minogue et al. (eds. 1998), Salminen and Niskanen (1996), Stenvall (2000)). Anybody who has followed the international aid discourse knows that during the 1980s and 1990s the World Bank and the IMF tried to impose – with open or tacit consent of the donor governments, including Finland - *neo-liberally* oriented structural adjustment programmes (SAPs) on poor country governments. Every staff member of the Finnish aid administration today knows (as does everybody within the

World Bank today) that the neo-liberal structural adjustment programmes were not the appropriate response to the challenge of global poverty. I would dare to say that as long as economic policy is concerned, we in the Finnish Ministry for Foreign Affairs have abandoned neo-liberalism, and that we instead seek partnerships in order to build alliances against uncontrolled neo-liberal market fundamentalism, and in favour of environmentally and socially regulated, sustainable and equality-oriented global governance.

Yet, very few of my colleagues within the Ministry have probably ever thought that there could be something wrong with the New Public Management procedures and tools that we are increasingly using within the aid administration: *logframes, project-cycle management, results-based management, competitive tendering, etc.* Very few of us ever thought that there could be some link, or association between the neo-liberal economic policy ideology and the New Public Management procedures. Yet, as is indicated in the paper, New Public Management is the little brother of the neo-liberal economic ideology, originating from the same intellectual and ideological roots, and the author would, perhaps, be surprised to see how strong a grip it has of the Finnish aid administration today, as far as the administrative culture and procedural correctness are concerned.

Space does not allow me to go into detail, but let me just remind my aid administrator colleagues: I am sure you remember how often we come out disappointed from a competitive tendering process feeling sorry that the rules had not allowed us to recruit the two best experts, because they were proposed by two competing consulting companies, and we could not pick one expert from each. Or that we had been forced to disqualify the candidate whom we know to be the best, because he or she had not had the kind of language certificate that was required in the official “*Instructions for Tenderers*” (although everybody knew that she or he would have perfect command of the required language.)

I have noticed that our procurement rules often lead us – aid administrators - to situations where we fail to accomplish some task that we urgently should do, because (a) we do not have time to do it ourselves, (b) we would know an expert who could do it well, but our procurement rules do not allow us to recruit experts directly, without a competitive tendering process. But (c): To organise that competitive tendering process would take so much time, that we either cannot invest that amount of our time or that the need or opportunity passes by.

What makes this tricky is that many of the New Public Management procedures make a lot of sense. Either they help us make our work more systematic, or cut out opportunities for favouritism or other forms of corrupt behaviour. We surely have to recognize the positive value of the New Public Management principles. Yet, another dimension that should not go unnoticed is that fundamentally this is also a human rights, or civic rights issue: What is at stake is our judgment about the relative weights between the *rights* of the *companies* and the rights of the *citizens* or *tax-payers*. Our *New Public Management*-flavoured procurement rules defend the rights of the potential tendering companies to have completely free market competition. But our tax-payers, ministers and parliamentarians also have the right to expect us to maximize the value for money, in terms of getting maximum impacts towards the policy objectives set by the political decision-makers. The problem is that in a New Public Management culture there are procedures that a company can use to take our Ministry to court if the company feels that their rights of free competition have been violated, and this is happening. But I have not heard of a case where a minister, a parliamentarian or a tax-payer would have taken our Ministry to court accusing us of under-performance in poverty reduction.

Space does not allow me to try to convince those who are not yet convinced on this. But let me just comment to the author: I do agree with your first recommendation, where you say that more research is needed to examine the effects of sub-contracting regimes.

Now, I return to the *Global Millennium Consensus* about how international aid could have a maximum impact on reducing global poverty. Of course, poverty reduction has always been a key goal of international development cooperation. But to be frank, it is only since the Copenhagen Social Summit that we - the international community - have systematically and consistently prioritised poverty reduction as the Number One, overarching objective of development. In the Finnish Ministry for Foreign Affairs - like in many other aid agencies, including the World Bank - we have committed ourselves to reaching the *Millennium Development Goals*, MDGs, and to measuring our professional performance in terms of progress towards those goals.

There are four new aspects in the Global Agenda of the 3rd Millennium on Poverty Reduction.

Unlike before, we now understand that the causes and solutions to the poverty problem have to be:

- (a) context-specific
- (b) multi-dimensional
- (c) coherent
- (d) based on the democratic principles

I shall discuss these four in reverse order:

The DEMOCRATIC principles here mean, for instance, that the national Poverty Reduction Strategies of the poor countries have to be drafted through broadly participatory processes - often facilitated by INGOs, as "honest brokers" - and then debated and approved by their democratically

elected parliaments. Over the past decades accountabilities got seriously blurred in aid: We donors supported poor country governments through an enormous range of individual projects, managed by consulting companies. We kept the poor country accountants and Ministries of Finance extremely busy in reporting back to each of our donor agencies how their funds had been spent. The administrative burden of all that reporting on the poor country administrators has been huge - yet their national parliaments often remained in the dark as regards the total extent of public expenditures (including aid funds) in their societies. The idea of sector programmes and budgetary assistance is to democratise these accountability structures: The budgeting and accounting systems of poor country governments have to be improved so much that their national accounts and reports to their national parliaments will one day be so good and transparent that we – the donors – can use the same accounts and reports to convince our taxpayers, parliamentarians and state auditors that also our aid funds have been used well for the intended purposes.

In this current shift in poverty oriented aid from freestanding projects towards sector programmes and budgetary assistance the role of Finnish and other international consulting companies will obviously change, as the author has rightly indicated. The challenge for the Finnish aid administration is two-fold:

- (a) The Finnish aid administration is more head-quarters centred than the systems of other like-minded donor governments. As our peers have done, we shall obviously also have to decentralize more staff and decision-making authority to the Finnish embassies in those few selected poor countries, where we expect to continue with large bilateral aid programmes. Within those countries we shall have to "trust the locals", as the text recommends. Trusting the locals also helps to strengthen the local capacities more than having Finnish consultants sit on the money out there.

(b) The Finnish government has required that the level of professional expertise related to the administration of international development cooperation must be maintained at a high level and further strengthened. This will not be possible by using generalist diplomatic staff only. We know that it requires that the MFA re-opens a specific parallel career in the Ministry for development policy professionals.

COHERENCE means, for instance, that there has to be a logical consistency between our agendas and commitments in, say, the Johannesburg, Monterrey and Doha conferences and summits. It also means that we in the aid agencies of the North have to work hard to convince our colleagues in the other Ministries - and our politicians - that our trade policies, agricultural policies, environmental policies, immigration policies, and all other policies will have to promote the same global objectives that we are aiming at with our development policies.

CONTEXT-SPECIFICITY means that the root causes and manifestations of – and solutions to - poverty are different in every society, due to the country-specific history and environment, strengths and weaknesses, constraints and opportunities.

MULTI-DIMENSIONALITY of course means that poverty is not only about lack of money, and that we consequently cannot monitor poverty merely by measuring the GDP/capita or the number of citizens earning less than one dollar per day. In addition to

1. the money-metric economic dimension of *low incomes and consumption* there is
2. the political dimension of *civic rights, participation, voice and influence* over the *redistribution* of the economic gains.
3. Thirdly, there's the human dimension challenges of improving *education, health care and nutrition*.

4. Fourthly, for many poor people the main problem is *low status, dignity, even self-respect*. Think about some of the ethnic minorities, disabled people, or in some societies even the whole group of women, 50 % of the citizens. This we call the socio-cultural dimension.

5. The fifth dimension of poverty has to do with *vulnerability, social protection and social risk management*. We could call it the protective, or social security dimension. The World Bank's World Development Report 2000/1 did a great service in clarifying this dimension of poverty conceptually. The basic idea is easy for Africans to understand but it is important that the donor community understands it, too: Most of the statistically poor people are not desperately poor all the time. The problem is that people are highly vulnerable to contingencies in life, such as natural calamities and economic shocks. Many rural people have decent livelihoods, for instance, for 10-11 months of the year, but they are highly vulnerable to poverty in the hunger months when the old stocks have been consumed and before the new crops have been harvested.

One of the key ideas of Social Policy in the Nordic welfare societies has been that by pooling livelihood risks among large groups of citizens, we can provide livelihood security for all, and thereby encourage our citizens - men as well as women - to engage themselves in market and labour market activities and in political decision-making, knowing that if something goes wrong they are not completely stranded but that there is a safety net, or in the best of cases a springboard that helps them back on their feet if risks materialize.

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Author's Reply

I very much welcome the commentaries on the article, which raise diverse and sometimes divergent points of critique and elaboration of the points I was trying to develop. Space does not permit a response to all the points made. In the spirit of the comments, many of which go beyond the surface features of my text to pursue in much greater detail points which I had barely thought of, I will make only a small number of points expanding and clarifying the arguments.

In particular, it is reassuring that all three commentators recognise that, above all, the article outlines a potentially very rich research agenda on the features of the emerging intermediate sphere of international non-state actors and their role in social development policy. There is a huge lacuna, currently, in research evidence. Indeed, unless there is serious remedial action taken, researchers, policy makers and change advocates will not know the empirical parameters of the sector in terms of size, concentration, and scale for the decade from the mid 1990s for at least another ten years. This lag between the development of a rapidly changing sector and the existence of credible quantifiable information on it, is particularly problematic. In addition, there is a lack of a serious examination of the structure of the labour market of the new aid and development regime, building on the aspects which Joshua raises in terms of the developed world and its development agencies, including governmental aid bureaucracies.

As Gould point outs, the complexities, and multi-sited nature of this shifting field demands, at least, inter-disciplinary research approaches borne out of, but going beyond, development studies, social policy, organisational sociology, international relations and the study of policy transfer, and political science and the study of elite opportunities. I am convinced that problematising the notion of the research site is crucial, since it is the connections between the diverse sites in which these

international non-state actors operate which is at issue here. Case studies will remain relevant here - Gould and Ojanen's work on Tanzania, and other studies such as Judith Tandler's work on Brazil (Tandler, 1997) produce specific knowledge which needs to be built upon and complemented by studies of other levels of the system. This is not to suggest that research should simply move between the general and the specific but rather that, in fact, the specific needs to be brought into the general, the micro- into the macro- as it were. There are, of course, many reasons why we lack rigorous, thick, description of the workings of the central policy committees of the World Bank or the OECD DAC, much less an ethnography of policy discourse amongst networks, think-tanks and emerging flexible organisations and groups. Without a new research agenda, issues of the connectedness between policy and politics, in terms of questions of incorporation, discursive closure, transparency and accountability, will continue to be discussed in an evidential vacuum.

Certainly, the issues of the transferability of the practice of the new public management within social development, and in particular, the nature and effects of the new co-ordinated poverty reduction regime, will take on increasing importance in research and practice. Indeed, discussion of these themes is sketchy, general, and sometimes contradictory in the text. I was trying to argue against a simplistic conflation of new public management with neo-liberal approaches *per se*, whilst suggesting that they do have shared origins, shared assumptions, and some shared practices. As Voipio points out, it is surely important that, whilst much of the content of neo-liberalism in development has been critiqued and, even, dismantled, practices deriving from its 'little brother' have gone from strength to strength. Care is needed in understanding the contradictions and continued evolution of these management structures, however, as well as the noted disjunction between processes and effects. Of course, given that the application of new public management always represents a First World discourse applied to the Second and Third Worlds, the space for critique, subversion, and adaptation also needs to be addressed.

There is a similar need to make a strong distinction, in theory and methodology, at least, between the broad global goal of co-ordinated poverty reduction and the hegemonisation of the process of compiling Poverty Reduction Strategy Papers. Here, it is worth pausing to consider what might be termed Voipio's optimism and Gould's pessimism, borne of very different starting points theoretically and politically. Voipio probably overstates the likely impact of what has been a very important shift in the hegemonic thinking of Western development actors on the deep structures of global poverty and inequality. Gould possibly overstates the effects of PRSPs in terms of the denial of access and voice justice. Whilst they may have had many of the effects he attributes to them, they will not have completely 'crowded out' other forms of policy dialogue and debate. What is clear is that the growth of an intermediate sphere of international non-state actors requires new forms of research, regulation, and a renewed politicisation of the policy dialogue as one part of an emerging agenda for global social governance and, above all, for global social justice, marked by an ever more complex reworking of existing tensions between scientific and technical rationalism and political and policy oppositionalism.

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Paul Stubbs, Zagreb June 2003