
Donor Dilemmas: Perceptions, Relationships and Strategies in the Rural Natural Resources Sector

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1. Introduction

Donors have played a significant role in the post-War development process. Issues that have attracted attention during this period include technical assistance, community development, filling trade and investment gaps, securing basic human needs, debt relief, structural adjustment, rehabilitation, humanitarian assistance, prevention of conflict, human development, sustainable development, participation, and democracy and good governance. In many ways, this list simply reflects changing paradigms of development over the last fifty years. However, these changes in intellectual fashion can have quite profound direct impacts on the way in which recipient governments and non-governmental organisations (NGOs) function, and thereby indirectly affect the well-being of poor people.

Development assistance has come under considerable intellectual scrutiny in the last couple of years, and four major development journals have devoted special sections to this issue.¹ This has partly been in response to two specific publications by the donor community, *Shaping the 21st Century* (OECD, 1996), and *Assessing Aid: What Works, What Doesn't, and Why* (World Bank, 1998). There has also been a more general re-assessment of relations between donors (in the developed world) and host governments (in the developing world) in light of strategic realignment in the post Cold War era.

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¹ Development and Change (Volume 32, No. 4, 2001); Journal of Development Studies (Volume 37, No. 6, 2001), Development Policy Review (Volume 19, No. 3, 2001), Journal of International Development (Volume 13, No. 7, 2001).

Much of this literature recognises (in the language of the World Bank) that “aid has been both a spectacular success and an unmitigated failure.” What analysts are increasingly focusing on are the conditions under which success and failure occur, and the implications that this has for the role of donors in development. There is a general shift towards programmes that are initiated and ‘owned’ by recipient countries, towards capacity building and sector-wide approaches, and well-focused donor lending linked to policy improvements (a selection of this recent literature includes Pronk, 2001; Harrison, 2001; Hermes and Lensink, 2001; Doornbos, 2001; van der Hoeven, 2001; White, 2001; Dollar, 2001; Gilling *et al*, 2001; Foster, *et al*, 2001; Leandro, *et al*, 1999).

However, what has been relatively neglected in these discussions is the role of donor agencies at an operational level. In particular, there is almost no literature that documents the challenges and constraints that are faced by individuals and agencies as they go about the day-to-day business of managing and organising country level assistance programmes. This paper addresses this gap by reporting on a series of interviews with representatives of donors working in India, in the rural natural resources sector.²

The interviews on which this paper is based were conducted in the context of a research study that was funded by the UK Department for International Development, under its Natural Resources Systems Programme. The seventeen multilateral and bilateral donors and international NGOs were contacted initially by email and letter. Key representatives from each agency were interviewed face-to-face in Delhi over a period of three weeks. The discussions were directed at understanding the role of donors in the policy process, gaining feedback on research priorities for our project, and securing the participation of these donors in a dissemination meeting for the project. The conversations however, raised a number of wider issues, which provide the focus for this paper.

Given the context of the interviews, we felt that it would be inappropriate to use the current material to construct a personalised ethnography of these individuals as agents in the development process. To protect the anonymity of our respondents, we report the material as representing the views of specific individuals who are part of larger organisations. Clearly, these

² This paper uses the term “rural natural resources” to capture what are frequently described as local common pool resources in the academic literature. This reflects the language that is used by donor agencies to describe the sectoral focus of their activities, and is more accurate to their own perceptions. This clearly excludes common pool resources in an urban context from the current discussion. However, donor involvement in urban common pool resource management is minimal, or non-existent, in India. Thus, our usage of rural natural resources should be read as synonymous with local common pool resources.

are personally held opinions, and should in no way be interpreted as representative of official positions of the agencies themselves. However, the nature of responses and the willingness of individuals to discuss such issues suggests that future research could attempt to engage with these more personal dimensions, in an explicit attempt to create an ethnographic account of donor activity in the developing world. What is important for the present paper is that these interviews provide a rich insight into the sorts of issues that impact upon donor activity in a specific country, and as a consequence, contribute to the wider process of assessing and evaluating development assistance more generally.

The paper is divided into four major sections. The next section provides a background to donor activity in the rural natural resources sector in India. It outlines the ways in which donors differ in the extent of their contributions, the mechanisms and focus of fund disbursement, and how these have reflected broader shifts in donor activity in the developing world. The next section explores donors' perceptions of their role in the policy process, and reports on the views of our respondents about how their relative positionality and agency facilitated or inhibited this policy role. The following section examines the multiple relationships in which donor agencies are engaged, both with other donors and with various levels of the government, and how these relationships influence the strategies of individual agencies. It discusses the opportunities and constraints experienced by donors in coordinating their activities, and describes dilemmas relating to the implementation of strategies at the field level. The discussion also focuses on how shifts in bargaining power enjoyed by donors has influenced their ability to set conditions, and how selectivity is increasingly being seen as a means by which to achieve successful implementation. The final section concludes with some observations concerning the changing roles of donor agencies in the developmental process, and offers insights for future research.

2. Donor activity in India – a background

International donor agencies in India differ considerably in the extent to which they fund activity in the rural natural resources sector. India is a substantial recipient of external assistance, but such aid forms a relatively small proportion of overall developmental expenditure in the country. This is recognised, for instance, by the Indian Planning Commission, which has recently argued that such external channels have not been adequately tapped as a source of resources for development (GOI, 2001, p.17). The environment sector, however, has received fairly substantial support from the donor community, especially since the early 1980s. For instance, the Ministry of Environment and Forests (MEF, 2002) reports that there are 18 externally-aided projects with total project costs of Rs. 4620.17 crores (approximately US\$ 1 billion) currently under

implementation in the forestry sector. Of these, more than half the funding comes from 6 projects assisted by the Japan Fund for International Co-operation (JBIC), while the World Bank is funding 5 projects worth slightly over 30% of overall external assistance in the sector. Additional support for forestry projects is from the UK Department for International Development (DFID), AusAid (Australia), the European Community, the Swedish International Development Agency (SIDA) and German Technical Co-operation (GTZ).

A World Bank-Confederation of Indian Industry study is currently attempting to compile a comprehensive database of bilateral and multilateral assistance for environment-related projects. The preliminary conclusions from this study confirm the trends reported for the forestry sector. There are a few 'large' players involved with funding projects in the environment sector, including the multilateral organisations, contributing larger sums, and a number of smaller, especially bilateral organisations whose contributions are more marginal. There are also a large number of non-official channels of assistance, such as private voluntary organisations and the non-governmental sector. Most bilateral donors (other than DFID) have smaller budgets, and tend to focus their attention on specific target regions and states. The non-official sector, comprised of foundations, charities, private voluntary organisations and non-governmental organisations, has a significant aggregate presence, although many individual agencies are themselves quite small (exceptions are the Ford Foundation, Oxfam, the Aga Khan Rural Support Programme, and ActionAid).

Besides the variation in the amount of aid contributed by donors, there are differences in the ways in which funding is disbursed by these agencies. Three basic types of assistance are provided as development assistance. First, 'soft' or 'concessional' loans are loans extended at marginal interest rates with a long term repayment and grace period for the recipient. Second, 'technical assistance' provides technology and know how on concessional terms. Third, 'grants' are gifts that require no repayment at any time.

Similarly, the administration of these funds, and the mechanisms through which donor agencies liaise with the Government of India, differ. Some agencies work directly with the Indian government (at central or state level); funding is routed via the Department of Economic Affairs in the Ministry of Finance, and then on to either one of the central line ministries or to the state governments. Other smaller agencies bypass the government bureaucracy and work directly at the field level in partnership with NGOs. In some cases, this results in money being spent on consultants from the donors' home countries, who take over the management of projects. Others,

especially the international NGOs, collaborate directly with local Indian partners at the field level.

The disbursement of donor funds in India has undergone rapid changes in the past couple of decades. Development cooperation has shifted from a charitable relationship between donor and recipient to a more business-like arrangement over this period. For instance, having played a significant role in early rural natural resources programmes during the 1980s, the Nordic bilateral agencies have seen a reduction in their country-assistance to India through the nineties. This is largely due to the increased prioritisation of aid to Africa and Eastern Europe, as well as in response to political compulsions in their home countries, which demand a more ‘effective’ utilisation of assistance.

The amount of aid disbursed, as well as the strategy by which it was disbursed, changed quite significantly after May 1998, when the Indian government openly tested its nuclear weapons capabilities. The move attracted sanctions by a number of donors, but also changed the nature of the relationship between donors and the Indian government. Donors became more vigilant about the end-uses of their money, attempting to ensure that these funds were not diverted to non-developmental expenditure. Equally, the Indian government became more resistant to donor pressures and conditions, and began to question the role of donors in setting development priorities for the country. Most donors have lifted restrictions on new lending to India during the last year.

International donors have also altered the focus of their aid programmes. Reflecting a widespread recognition of the inadequacy of project-based intervention, a number of donors operating in India, particularly large players such as the World Bank, DFID and JBIC (formerly OECF), have started to shift their support towards broader sector wide approaches (SWAs). This is in keeping with recent trends in development thinking; one recent analysis explains the rationale behind such an approach, arguing that “SWAs are designed to establish a situation in which all public support (government and donor) to a sector is informed by a common vision and strategy, implemented through a common management framework with increasingly effective and accountable institutions, and based around a public expenditure programme” (Gilling, *et al*, 2001, p.308).

Having established the broad context of donor activity in India, the material in the next two sections reports on our conversations with specific individuals working for donor agencies in New Delhi. The individuals with whom we spoke were conscious of their positionality within the

group of donors working in India. They were aware of their size and scope, as well as their comparative advantages and capabilities. These conversations reveal considerable differences between donor activities, as well as their perceptions and attitudes, and it is interesting that much of the recent literature on donors tends to neglect such differentiation within the sector.³ The conversations also revealed the everyday dilemmas that donors face in the context of their work, and the manner in which donor relationships and strategies respond to their identity and positionality, as one among many players in the rural natural resources sector in India.

3. Donor perceptions - policy roles and individual agency

Most of the donors with whom we spoke recognised that they did play a role in the Indian policy process. However, there were considerable differences in perceptions about this policy role, depending partly on the size of the donor. At the same time, our respondents stressed that there was no simple correspondence between extent of donor funding and influence over the domestic policy process in India. One reason for this was the relatively small contribution made by donors to the rural natural resources sector compared to budgetary allocations by the Government of India. At the state level, however, this influence was more significant, given the poor fiscal position of most Indian state governments. The international NGOs felt that some donors, especially the multilateral institutions and the large bilaterals, had a significant policy influence, while other agencies were more marginal to the domestic policy process.

Many donors themselves pointed to the strength of the domestic policy making process in India. They claimed that the policies of the Government of India were generally good and strong. Donor goals to revamp the policy guidelines of the government were therefore said to be “simply too ambitious”. Some individuals said that the role of donors in such a context, was not to push towards new policies, but to help reform existing ones, and to facilitate the implementation process, which is where the problems often emerged. One of the bilateral donors suggested that they were simply one among many agencies delivering similar policy messages to the Government of India. As such, it was difficult to measure the impact of a single donor agency on the policy process. -At the same time, there was an acknowledgement that different donors often have quite different agendas, which makes them diffuse (and, by implication, limits their policy influence).

³ Some of these differences are readily apparent even to a casual visitor. There are many visible manifestations of these differences, such as the specific location of offices in Delhi - some are in high security areas within national embassies, others in purpose-built institutional areas alongside other Indian and foreign agencies, while some work out of rented accommodation in the more affluent residential colonies. These visible differences may seem trivial, but are significant in helping to define the everyday context within which each agency operates.

Some respondents felt that their agency offices in India were not responsible for making policies, and suggested that the policy debate was centred either at their headquarters in the home country, or in the Ministries of the Government of India. This reflected a sense of disempowerment at the country office, and operatives at this level seemed to perceive themselves as intermediaries in a bilateral relationship between the donor (country of origin) and the recipient (Government of India). Perceptions about discretion at the country-office level were varied. One agency felt that a signal of their freedom of action was their independence from their country's diplomatic mission in India. Another agency commented that their central office does not attempt to force its policies, and that their India office saw its role as 'facilitating and enhancing the existing Government of India process.' One respondent from an international NGO felt that they had 'flexibility within agreed parameters'. Some agencies were attempting to address the relationship between headquarters (at home) and field offices (in India), with one donor resurrecting a failed earlier attempt at decentralising country operations.

In some cases, policies in the home country were evolving faster than the capacity of the Indian offices to implement the changes. Somewhat paradoxically, this allowed the Indian operations to function with a certain degree of independence. One donor, for instance, admitted that there was a general shift at headquarters towards a sectoral focus for activity, but that their office in India had insufficient funding to make such a transition, and was retaining a project focus. This revealed that country offices did have some freedom of action to determine locally appropriate strategies.

The transition towards a strategy of sectoral support provides an example of ways in which policy in the home countries was not necessarily in step with the thinking at the field office level in India. For many donors, this shift represented a considerable change from well-established ways of working. One bilateral agency commented on the "difficult mental shift" that was needed, and admitted that they were "in an uncomfortable moment in this shift." On the other hand, those agencies that had been able to make this strategic change suggested that it did help to reduce administrative costs and to streamline their operations, especially for those with a relatively small number of professional staff. One respondent recognised, in particular, that sectoral approaches offered more opportunities for donors to work together and collaborate.

Apart from the painful process of transition towards sector wide approaches, some of our respondents were genuinely sceptical about the success that could be expected from such a shift, especially in the Indian context. One non-governmental donor argued that such support simply

worked to further empower the Indian bureaucracy, and was unlikely to change anything significant at the field level. Another bilateral agency commented that this process would strengthen government ministries, but reduce the donor's own freedom of action at the ground level. For many of our respondents, there was a real contradiction between the increasingly centralised nature of donor assistance in sector-wide approaches, and the simultaneous attempt to make the Indian government introduce more decentralised structures of governance for natural resources.

What was apparent from these conversations was that individuals within certain donor organisations were sometimes charged with implementing changes in strategy which they personally believed to be flawed, or inappropriate to the Indian context. An interesting additional dimension of this 'positionality' was that some of the staff in the Indian offices were Indian nationals themselves. One respondent commented that this sometimes resulted in a 'tightrope walk', since she was able to 'see both sides of the story'. While some room for manoeuvre existed at the level of the country office, there appeared to be a tension in the relationship between functionaries at this level and their task-masters in their home countries or headquarters. Analytically, what this implies is that treating donor agencies as undifferentiated monoliths is problematic, and points to a considerable need for further research that explores the dilemmas and contradictions faced by individual agents operating within the larger structures of such organisations.

4. Relationships and strategy

The awareness of the relative agency enjoyed by different donor organisations enabled individuals to map the complex relationships linking donors both to each other and to the Indian central and state government. Individuals illustrated how these relationships determined their particular strategies and the 'niches' they fill. This section looks in detail at the network of relationships of which donors are a part. It explores how differences in donor positionality and agency are played out in the course of these relationships, and how this affects implementation strategies.

4.1. Donor-donor relationships and coordination

Relationships between donors appeared to take one of three possible forms: mutual collaboration, collaboration on unequal terms, and competition. In the first case, donors described a liaison between donors that was mutually beneficial. In the second case, small and

large donors collaborated, but on unequal terms and in pursuit of their own separate goals. An example was given in which such collaboration was an indirect route by which small donors could influence the activities of large donors (thereby legitimising large donor activities) and, ultimately, the policies of the state or central government. The third case involves donors in a directly antagonistic and competitive relationship.

There were few specific illustrations of existing collaborations between donors that were either mutually beneficial or in which the same goal was being pursued. Some individuals spoke of the liaison between large multi- or bilateral donors providing sectoral support at the state level and smaller bilateral donors (or international NGOs) working at the grassroots. Such a partnership allowed for the incorporation of lessons from the field experiences of small operators into the policy recommendations of large donors at state level. In some cases, small donors referred to instances in which large donors enlisted them onto their programmes to carry out field level work, for example in capacity building. More recently, there have been suggestions regarding potential collaboration between donors that are more explicit about the relative capacities of donors. For example, some large donors were said to have suggested that they should be responsible for the development of large infrastructures, whilst small donors should be tasked with their maintenance. However, there is some debate as to whether this would represent a mutually beneficial collaboration, or an attempt to dictate the remit of less influential agencies.

Collaboration on rather more unequal terms, or in a situation in which donors were not in the pursuit of a single goal, was a more common situation. In one case, having vociferously critiqued the programme of a large bilateral donor, a small international NGO was asked to join the programme as an evaluator. This relatively less powerful institution was thus able to influence the implementation strategies of the large donor, and, indirectly, influence the lessons learnt by policy makers. Meanwhile the large donor was in some way 'let off the hook' by having reacted in this way to the criticisms of its activities. The case illustrates how a smaller institution was able to 'piggyback' on the influence of large donor and impact on policy makers in ways that would not have been possible on its own. Meanwhile it also illustrates how a powerful donor was able to protect itself from emerging dissent amongst its peers by capturing and encompassing the small donor within the programme and internalising the critiques. However, it should be noted that whilst the NGO clearly did benefit from this liaison, the individual we spoke to also complained that it was regularly forced to waste funds in critiquing programmes that, had they been involved in the first place, would not need such critical *ex post* evaluations.

Finally, in some cases, relationships between donors were often described as being competitive and openly aggressive. Small donors admitted to pulling out of particularly well funded states where large donors were operating simply because they could not ‘compete’ with them, and found no way of making a difference when surrounded by better-funded donors. In contrast, smaller donors working at the grassroots level frequently perceived themselves to be more knowledgeable about what development processes were needed than the larger multi- and bilateral donors besides whom they were working (or competing). Respondents admitted to engaging in ‘nasty games, just to make it clear’ to the state government that they knew more than their peers. Others complained that they had been engaged in programmes that were so successful that competing donors wanted to get involved, just to ‘take some of the credit’.

The ways in which donor agencies interact has clear impacts on their activities in India. Perceptions of these relationships varied, from constraining and threatening, to enabling and mutually beneficial. Importantly, perceptions about their roles and relationships affected the scope for donors to work collaboratively with each other. Despite the continuing donor and academic literature that advocates the coordination and streamlining of donor activities and funding, the individuals whom we spoke to in India appeared to have reservations about the desirability or practicality of such coordination. While a handful of donors still prescribed to the need for formal coordination, others suggested that coordination occurs naturally on an informal basis, and that little more can be expected. Most of the donors we talked to suggested that no real learning has taken place when efforts towards coordination have been made. Instead they ‘have coffee and go home’; now they were ‘tired’ of trying to force it to happen. The donors, they argued, were too diffuse a group to work together. They had their own agendas, they worked in different states and were aligned to different line ministries. As one individual put it, ‘we’re all in our own world ... we’re all on our own trip’.

However, precisely because of the differences between donors, particularly in terms of their size and relative agency, some institutions suggested that coordination between large and small donors was extremely important. Some suggested that the larger bilateral donors or the multilaterals, who had a greater influence with the government and were ‘seeing the broader picture’ should be tasked with the coordinating role. Representatives of these large agencies claimed to have attempted to facilitate dialogue between government and donors. However, many of the smaller donors admitted to having felt threatened, or ‘hijacked’, by the previous efforts of large donors and claimed to have been silenced by dominant players. ‘We all have our own voice, no matter what size we are’, claimed one respondent.

Our discussions with our respondents suggested that formal donor coordination, as suggested by the academic and donor literature, does not exist in the broad rural natural resources sector in India. At a dissemination meeting in New Delhi organised as part of this wider research project, many of those attending were clearly encountering each other for the first time, despite working on very similar issues for their respective organisations. Abstract models of donor coordination appear to be based on the premise that donors are a relatively homogenous group of institutions working on similar themes in similar ways. Such assumptions are clearly unrealistic in this context, and it is apparent that the complex, multi-faceted relationships between donors in India create a challenging environment for inter-agency collaboration.

4.2 Donor-government relationships

Interactions between donors and the Indian government vary considerably. While it was an unusual route, the very smallest of the donors operated outside the remit of line departments or the state government. They claimed that by taking a ‘hands-off approach’, they maintained an excellent relationship with the government. However, many of the donors we spoke to felt that they were constrained and disempowered by the government of India. At the central level, most donors were required to work through a government line ministry, such as the Ministry of Environment and Forests, or the Ministry of Rural Development. Most donors also had some operations at the state level, since implementation of programmes in the rural natural resources sector is usually the remit of state governments.

The very ‘amorphous’ nature of the natural resources sector means that the objectives of particular donor programmes often do not correspond neatly with the narrow remit of the line ministry to which they are aligned. For example, a line ministry dealing with forest resources may not share a donor’s perception that the participation of women is integral to the success of a donor funded forestry programme, and may argue that a separate ministry is responsible for work with women. Many donor representatives thus admitted to a real operational dilemma, since some ministries did not allow space for donors to work in the integrated manner that was required of them by their home countries. Some donors described how they had tried resolutely to continue working outside the remit of a single line ministry in a broader, cross-cutting sectoral manner. Others had found it too difficult, and had eventually reverted back to the ministries to which they had been originally aligned, but lamented that the Indian government just ‘does not understand’. They suggested that it was impossible to work across the parameters of single ministries, since there was no incentive for the ministries to intersect. Some respondents said that

by being forced into the established mould of the government line ministries, they were being 'sucked into the ways of the government'.

Some respondents suggested that the spreading of donors across different line ministries was simultaneously problematic and advantageous for the government of India. It meant that the effective coordination of donor activities was extremely difficult; each donor and each ministry has their own remit and were not willing to work outside set parameters. Moreover, with different donors aligned to different line ministries it was not clear which line ministry could be held responsible for their coordination. Choosing a single ministry would be a highly political and emotive move. Other donors felt that the government simply saw them as being uncontrollable or inflexible, set with their own agendas, and that there was therefore little point in even attempting to coordinate them. On the other hand, some of our respondents suggested that the spreading of donors across separate line ministries was advantageous to the Indian government, since it was not in the interests of ministries to coordinate donors. They claimed that the government sought to disaggregate donors and dissuade coordination so as to maintain control over them, and to play one off against the other. Donor coordination would clearly prevent such a strategy, they argued, so the Indian government had no incentive to encourage it. In this context, sector wide approaches were seen by some as offering more room for effective coordination between donors and government agencies.⁴

4.3 Implementation issues

Many of the problems associated with the mismatch between the broad sectoral focus of the donors and the narrow remit of the line ministries were realised at the sub-state level. These seemed to be particularly pronounced for small donors or international NGOs working at the grassroots and implementation levels. They found that officers of separate line ministries were unwilling to broaden their parameters to incorporate issues beyond their immediate remit and were reluctant to devolve power. Moreover, some donors commented on the rapid rate of transferral of field level state officers and the problems that this caused for the long term implementation of policies. As one respondent put it, 'you might start negotiations with one person and get somewhere, but then he gets transferred and you start all over again'.

⁴ This reflects some of the recent literature. For instance, Foster *et al* (2001, p 321) suggest that "Sector programme approaches ... are intended to overcome a number of quite specific problems in the relationship between government and donor partners, namely: the large numbers of donor projects; that these are usually quite poorly coordinated, and lack a common policy framework; the high costs imposed on government in managing them; and that they lead to poor sustainability and uneven service provision."

Given the size of India, one agency recognised the limitations of its own operations, and used a strategy of designing and implementing only ‘pilot’ projects, described as “testers that government could not have run.” In this sense, they perceived their role as that of catalysts, “getting projects going rather than ruling them.” However, another respondent, representing a smaller bilateral agency, was critical of such an attitude, arguing that longer term support was crucial, saying that “starting projects in India (was) no problem ... it's the maintaining that's difficult ... there are hundreds of projects all over India that need maintaining.”

A number of donors saw implementation as both the most critical stage of the development process, but also the level at which problems often emerged. It was widely acknowledged that the policies of the central and state level government were very convincing, and reflected the rhetoric used by the donors, both in country and by their headquarters in the origin countries. However, what was agreed in theory and incorporated into policy guidelines at the centre was often absent from the field-level proceedings. This gap between the policy rhetoric of the Indian government and actual grassroots action was a recurrent theme in our conversations. Donors stressed that while they had little to add to the well developed policies, the absence of these policies on the ground made field level activities extremely difficult.

In terms of their operational presence in India, this gap between rhetoric and action poses a significant dilemma for most donors. Our respondents recognised that they did not need to participate in policy development, since the policies themselves were usually sound. At the same time, they were not empowered to exert direct influence over implementation, given that this was clearly the domain of the Indian government and local institutions. One respondent even commented that the more marginal government agencies were, the more dynamic their own field projects were able to be. But this contradicted the more widespread desire to shift (especially with the move to sector wide approaches) towards working with and strengthening local government/institutional capacity.

Some donors were actively working with NGOs, who were seen as more effective implementing agents, but also as ‘mediators between people and the government’. These agencies prioritised the “incubating” and training of NGOs as an integral part of the implementation process. This included the funding of partnerships between donors, NGOs and the government, and we were told by one donor that their joint external review team had suggested that “it was this partnership that was responsible for the success of the project.” Creating such a “mixed basket of ownership” we were told, allowed donors to “cut through the status quo”. They similarly emphasised that this could only be achieved through the full integration of NGOs into the entire implementation

process. Another respondent, however, commented on the difficulty of securing such a partnership, and said that, “one of the big challenges was trying to get the government working together with the field level NGOs.”. The government was perceived to be increasingly hostile to NGOs, despite more effective collaboration in the past.

4.4 Conditionality and selectivity

Discussions concerning the ways in which donors felt constrained or disempowered by the state governments, central line ministries or field-level bureaucracy led many respondents to refer to their perceived inability to impose what were once routine conditions. One non-governmental agency suggested that it had become more difficult for donors to apply conditionalities at the level of the national government after the imposition of sanctions in 1998. The sanctions had made it evident to the government of India that it could operate quite comfortably without donor assistance, and that “the donors could keep their sanctions.” Donors eventually lifted their sanctions voluntarily, but the relative bargaining position of donors vis-à-vis the national government had weakened. Since then, our respondent claimed, donors were finding it difficult to apply conditionalities.

Other individuals were more ‘optimistic’ about their leverage and relative bargaining power, especially with state governments. This was partly due to the severe fiscal position of most Indian states, with large deficits forcing state governments to accept donor demands on a variety of operational and policy issues. One agency listed the ways in which they exerted influence at this level, demanding, for instance, autonomy for the implementing agency, stability of staff allocated to project activities, and training that was targeted at younger staff, who would be expected to remain with the agency for some time.

On the other hand, some agencies appeared to be acutely conscious of the critiques of conditionality in the wider development debate, and were at pains to emphasise that they had moved away from such ways of operating. When asked further about the specific design of agreements between donors and recipients, there was a grudging acceptance that this did involve conditions, but that there were “no political conditions that relate to the state or national government.”

In response to the dwindling bargaining power enjoyed by donors vis-à-vis the government, and given the difficulties of working at the field level in some local contexts, some agencies have developed a strategy of greater selectivity in their operations. In many ways, this also reflects the

shift in donor thinking more generally, which has moved away from *ex ante* conditionality towards *ex post* selectivity of aid recipients (Pronk, 2001), judged by their record on issues like governance, transparency and accountability.

The process of selection was most prominently reflected in the choice of states in which donors were willing to work, with donors ‘cherry picking’ those states which were perceived to have a commitment to economic and political reform (‘good governance’). The funding of such states was seen as less risky, an increasingly important concern as donors become more and more accountable to their home constituencies (government, as well as the public and NGOs). One bilateral agency discussed the implementation problems that it had previously experienced with some state governments. In contrast, they had now selected and were working in a state whose “government is informed, so there is no reason to by-pass the government as we have had to in some cases.”

In other cases, respondents said that states had been selected because they had been easy to work with in the past. This leads to a sort of path dependence, since states that have successfully implemented aid in the past are more likely to get more assistance in the future. One international NGO defended this ‘success-driven’ selection, stating quite categorically - “well, we know which states we don’t want to work in.” Another respondent recognised that basing future projects on previous successes could be a “very subjective and inefficient” selection process.

Meanwhile, in some situations, selection was simply a pragmatic response dictated by reasons of security and access (as for instance, was true for some states in north eastern India, and Jammu and Kashmir). Interestingly, at least one smaller donor perceived this neglect of certain states as an opportunity to create their own niche, and was concentrating its resources on work in such areas. Certain states were also seen as important because they had a high incidence of poverty, or were in environmentally sensitive zones, or had a large tribal population. In November 2000, three new states (Chhatisgarh, Jharkhand and Uttaranchal) were created from bigger states (Madhya Pradesh, Bihar and Uttar Pradesh respectively), primarily in response to agitations and local movements that had emerged due to a perceived neglect of these regions by the larger administrative units. Many donors appear to see these new states as prime targets for developmental assistance, probably because they are assumed to have development-oriented administrations, or ones that may be able to break with the legacy of past government practices.

Some agencies admitted to a process of selection even at the village level, for example, in the choice of more homogenous villages in which interventions were expected to have greater impact. This also included the selection of village level institutions with which donors were willing to work. One agency argued that it preferred not to work with the newly created tertiary tier of government in the form of Panchayat Raj Institutions (PRIs), as they were “not active participants in the process.” This was partly because the Gram Sabha, which is the lowest rung of the PRIs, often represented more than one village. In some cases, this meant that the Gram Sabha itself “is often in a village where the project is not working and is often (usually) one of the elite.” As a result, the agency perceived the Gram Sabha as unrepresentative of their target group, the poorest, and chose to work directly with specially constituted village-level committees. The difficulty that this raised was that village committees have no legal status, while the Gram Sabhas do, and this meant that the Gram Sabha could obstruct the implementation process. The agency tried to circumvent this eventuality by enlisting the support of empowered officials at the district level who could authorise the Gram Sabha to co-operate. Whilst this allowed the donor to implement its projects in the manner that it wanted to, there is a paradox in that this was achieved by actually undermining the authority of constitutionally-empowered organs of village government.

Selection even extended, in another case, to the strategic selection of people invited to a discussion. Participants were hand-picked to ensure that “they had a productive meeting.” However, some of our respondents had reservations about this process of selection, whether at the state or micro-level. One respondent recognised, for instance, that donors were “simply creating a situation of political comfort ... [by] ... funding conducive states.” The dilemma, clearly, is that other voices – be they of states, villages or individuals – are neglected or left out of any such selection process.

5 Conclusions

This paper has explored a range of dilemmas experienced by donor agencies working in the rural natural resources sector in India. Our conversations with individual members of these organisations revealed considerable differentiation within the sector, an issue that has hitherto been relatively neglected in the literature. The material presented here provides a preliminary insight into the working of donor agencies in the developing world, and demonstrates the complex position and role that individuals within such agencies occupy in their day-to-day activity. These roles and identities are important for our understanding of the relationships between donors, host governments and implementing agencies (including NGOs). They also help

us to understand the changing strategies that are being employed by donors in their operations and activities in the Indian context.

Much of the academic and policy writing about aid and development fails to acknowledge that international donors do not operate as a single, monolithic entity. Organisations differ greatly in terms of their size, scope of operations, and even their ideological predilections. Our research highlights the additional need to recognise differences within the administrative structures of agencies, particularly between staff at headquarters and those who are based at country offices. The paper demonstrates the merits of a more careful, ethnographically-based, analysis of these organisations, and shows how this helps to understand some of the paradoxes and dilemmas faced by donors in India. The interview material presented here suggests considerable opportunities for future research that explores the everyday dimensions of donor activity in the developing world.

This paper reveals the dynamic and changing nature of donor activity in the context of development, by tracing shifts in the positionality, strategies and activities of international donor agencies in India. One of our respondents alerted us to the importance of semantics in forming donor policy in particular, and development policy more generally. He suggested that donors were ‘like businesses; they have cycles of interests and fads’. Others pointed to cognitive dissonance in the learning process, suggesting to us that donors ‘see what they want to see ... [and] hear what they want to hear’. The ability of donor agencies to assimilate and reproduce changes in academic trends and policy rhetoric was a recurrent theme in our conversations, but one which we were unable to explore in any depth. There remains a critical gap in our understanding of the everyday mechanisms by which knowledge and discourse is accumulated, processed and replicated by donor agencies. The research which this paper reports on highlights how useful a systematic ethnographic approach may be in order to explore some of these issues.

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