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It's a risky business

Aid and new approaches to political risk management

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Key messages

- The challenge of development – including the effective delivery of core public goods and services – is not so much what needs to be done, but how.
- While progress has been made, there is a lack of systematic understanding of the relationships between political risks, institutional reforms and the implications for development outcomes.
- If international assistance is to promote political and institutional reform more effectively, it needs to become smarter – more politically aware, better attuned to context, more pragmatic and flexible, and less risk averse.

Why does risk matter?

From the late 1990s onwards, governance and institutions have emerged as a leading concern in international assistance circles. There is growing recognition that the challenge of development, including the effective delivery of core public goods and services, is not so much what needs to be done (be it to build schools or provide vaccinations) but, crucially, how it is done (processes that facilitate or obstruct change). The widespread failure of states and governments to deliver adequate public goods and services, despite increased financial resourcing and improved policies or formal systems (Foresti et al., 2013), has highlighted that it is essential to engage with political, governance and institutional reform processes, and to understand not only the formal dynamics but also the informal dynamics present in different settings. Yet, despite increased awareness that politics matter, and an ever-expanding number of policy commitments to take national and local contexts into account, operationalising and realising these commitments remains a crucial challenge. One important element of this is the lack of systematic understanding of the relationships between a range of political and contextual risks, governance and institution-building processes, and the implications for development outcomes, including the delivery of public goods and services, security and justice, etc. [1]

A critical implication for international development actors is the need to better understand, assess and manage political risks (Phillips, 2007). Promoting institutional reform is a risky business, with aid providers facing a number of challenges that increase their exposure. This is especially true of fragile and conflict-affected states, where a variety of security, peace-building, state-building and related agendas converge. State- and institution-building is not just about 'bricks and mortar', it is ultimately about reshaping values, principles and interests, and redefining underlying power relations (Rocha Menocal, 2013). As such, these development processes are likely to be complex, non-linear and highly contested. Crucially, they also take time. This is more challenging than ever in the current climate of austerity and global financial crisis, which has increased pressure to ensure that aid is spent well and to show value for money. All of these factors make it imperative for donors to realise that their commitments need to be attuned to the different risks involved in the countries where they operate (OECD, 2012).

Understanding risk

A recent OECD study (2011) commissioned by the International Network on Conflict and Fragility (INCAF) develops a conceptual framework for aid risk analysis that distinguishes between three different kinds of risks – contextual, programmatic and institutional – and explores the links between them.

[1] ODI has been working on these issues for some time, at the national and increasingly at the sector and local levels (see Booth, 2012; Domingo and Denney, 2012; Domingo et al., 2012; Rocha Menocal and O'Neil, 2012).

Figure 1: Framework of aid risks

Source: OECD, 2012

As Figure 1 illustrates, this conceptual framework disaggregates risks at three different levels:

- **Contextual – or, what we refer to here as political** – risk is external risk related to the range of potential adverse factors that could arise in a certain context as a result of political and governance challenges. These range from electoral uncertainty and policy instability to more fundamental political destabilisation, a return to violent conflict, or a humanitarian crisis. Political risks can also generate instability beyond a given country's borders.
- **Programmatic risk** refers to the potential for the intervention or programme to fail, in the sense of failing to meet its objectives or, worse still, inadvertently exacerbating national or local tensions or conflicts, and causing harm.
- **Institutional risk** is mostly internal and refers to the range of potential adverse consequences of an intervention for a particular aid provider and its staff. Risks range from reputational damage and domestic political repercussions to the safety and security of field personnel. Fiduciary risks are also an essential element in this category, which have gained increasing prominence over time as a result of growing pressures on donor country governments to ensure that aid is being used wisely and with strong accountability.

This framework usefully highlights that these risks interact in a variety of ways, and that understanding how they interact, and the tensions and opportunities they generate, is essential for effective engagement. As the OECD (2011) has noted, risk management is not just about risk reduction. Appropriate risk-taking is essential to engage with reform processes and foster longer-term, transformational change. For example, low institutional and/or programmatic risks may reduce the exposure of aid providers in important respects, but this may also come at the cost of more meaningful impact. Since the strategic aims of aid relate largely to engaging more effectively with the underlying governance factors that either enable or undermine development, it is against these that aid risks must be balanced and justified.

At the same time, the broad category of contextual or political risk needs to be further disaggregated. It is clearly important to focus on national-level risks such as electoral shifts or potential for conflict. But these need to be complemented by an analysis of sub-national/local dynamics (e.g. regional inequalities and the political risks such disparities may pose). Sectoral risks also need to be tracked – including, for instance, changes in leadership in relevant ministries or the political salience and targetability of different sectors (such as influence over where schools or health centres are built). A growing body of research, including recent work from ODI[2], has emphasised the need for problem-driven analysis that can identify bottlenecks or governance constraints that undermine the delivery of key public goods and services, and has also highlighted the need to map the range of risks associated with these (Harris and Wild, 2013; Tavakoli et al., 2013).

Assessing and disaggregating these issues more systematically involves striking an adequate balance between risk and opportunity, understanding one set of risks against another and looking across different levels of analysis. Moreover, balancing risk and opportunity in the public domain is clearly not without limits; some risks may be simply unacceptable to the institution concerned. Being clear about this 'bottom line' is essential in defining the parameters for appropriate risk management in a given context (OECD, 2012).

Assessing political risk

Over recent years, there has been a growing recognition among donors that promoting development is not just a technical endeavour but a deeply political process, and that it is therefore essential to understand contextual factors (including politics) in the countries where they operate. Donors such as the European Commission (EC), the Netherlands, the UK, and even the World Bank (2011) have been particularly outspoken about the need to tailor their approaches to contextual realities in their formal policies and strategies. As part of this, international development actors have developed different ways of improving how they assess and manage political risk, even if these are not always referred to as political risk analysis as such. In particular, there has been considerable interest in understanding a country's political economy and the interaction between formal and informal institutions among key players across different arenas and at different levels of analysis.

The tools and methods used to assess governance have evolved over time, with a focus on the national level and a newer generation of more problem-driven and sector- or local-level approaches (see Box 1), which are growing in scope and level of activity. Current efforts focus on structural, deeply rooted factors that may be more difficult to change, as well as on institutions, the 'rules of the game', and individual behaviour, which may be somewhat more malleable and lend themselves to transformation; there is also a focus on temporal and more contingent political events. Such analyses can be helpful in assessing the salience of political risks, including regime change, critical elections, outbursts of civil upheaval, regulatory changes, abrupt changes in policy (e.g. expropriation), changing incentives structures within sectors, and so on (Phillips, 2007; MIGA, 2011).

[2] This has included analysis of why chronic medicine stockouts may persist, despite increased resourcing and reform efforts (Cammack and Wild, 2013) or why there remains poor access to qualified health workers in rural areas (Harris et al., 2013b).

Box 1: Examples of frameworks developed or used by the donor community to better understand contextual politics and governance dynamics

Country-level analysis:

Power analysis

Bjuremalm, H. (2007) 'Power Analysis: Experiences and Challenges'. Concept Note, Department for Democracy and Social Development. Stockholm: SIDA.

Country governance analysis (CGA)

DFID (2007) Country Governance Analysis How to Note, A Practice Paper. London: Department for International Development.

Strategic governance and country assessment (SGACA)

Unsworth, S. (2008) 'Framework for Strategic Governance And Corruption Analysis (SGACA): Designing Strategic Responses Towards Good Governance' Prepared by the Clingendael Institute for the Netherlands Ministry of Foreign Affairs. The Hague: Netherlands Ministry of Foreign Affairs/ Netherlands Institute for International Relations (Clingendael).

Political economy analysis

DFID (2009) Political Economy Analysis How to Note, A Practice Paper. London: Department for International Development.

Sectoral or problem-driven analysis:

Problem-driven governance and political economy analysis

Harris, D. (2013) Applied political economy analysis: a problem-driven framework. London: Overseas Development Institute.

Fritz, V., Kaiser, K. and Levy, B. (2009) Problem-Driven Governance and Political Economy Analysis: Good Practice Framework. Washington DC: The International Bank for Reconstruction and Development/The World Bank.

Analytical framework for understanding the political economy of sectors and policy arenas

Moncrieffe, J. and Luttrell, C. (2005) An Analytical Framework for Understanding the Political Economy of Sectors and Policy Arenas. Report to DFID Policy Division. London: Overseas Development Institute.

Poverty and social impact analysis (PSIA)

World Bank (2003) A User's Guide to Poverty and Social Impact Analysis. Poverty Reduction Group (PRMPR) and Social Development Department (SDV). Washington DC: The International Bank for Reconstruction and Development/The World Bank.

Insights from private sector political risk analysis

Political risk is an area where the private sector has been actively engaged over the past two decades to inform key decisions and strategies such as when and where to invest, what kinds of returns to expect, what the threshold for losses and exit might be, and so on (Phillips, 2007). The number of companies involved in political risk assessment and forecast has mushroomed over the past 20 years (see Table 1 below for some of the leading firms in the field). Methodologies for assessing risk vary considerably, with different component variables analysed, different analysis tools provided for clients, and differing emphasis on the quantification of risks.

However, private sector best practice suggests three criteria for an adequate political risk assessment: (1) they identify both deep, structural (long-term) and temporal (short-term) indicators of political risk; (2) risks are assigned subjective probabilities; and (3) the assessment framework makes it possible to compare political risk over time as well as across countries (Phillips, 2007).

Interestingly, many of the governance and political economy analysis frameworks that donors have developed – especially some of the most recent ones and problem-driven frameworks (e.g. Harris, 2013; Fritz et al., 2009) – build on, and share important similarities with, private sector tools that have been explicitly designed to assess political risk.

This is especially true in terms of the kinds of factors analysed, which include both structural features and more immediate developments and events (e.g. strategic governance and country assessments (SGACAs), country governance analysis (CGA), the applied political economy analysis problem-driven framework developed by Harris (2013), and the EC political economy framework).[3] Clearly, the emphasis is not always the same. From a private sector perspective, efforts to assess and measure political risk focus on factors (especially the regulatory framework) that are important in terms of economic governance and the health of the business climate, while aid actors may be more preoccupied with poverty reduction, human development, and the potential for conflict and violence (Phillips, 2007; MIGA, 2011).

Table 1: Profile of leading private sector political risk consultancy firms

	Focus	Country coverage	Methods
Control Risks Group (CRG)	Strongly orientated towards security	Coverage of all countries in the world on their online platform. Strength in conflict areas.	Primarily qualitative, quantitative on a simple 1-5 scale.
Economist Intelligence Unit (EIU)	Strongly oriented towards economic and creditworthiness	Coverage of all countries in the world, but coverage better for larger emerging market countries	Quantitative, with a number of nested models. Also qualitative data available
Eurasia	Political risk focus at core	Large emerging market economies, patchy coverage of Africa	Robust quantitative tool and qualitative analysis
Exclusive Analysis	Political risk for political risk insurance industry	Coverage of all countries in the world on their online platform. Strength in conflict areas	Good quantitative too and qualitative analysis
Political Risks Services (PRS) Group	Political risk and economic risk, depending on tool selected	Coverage of all countries in the world, but coverage better for larger emerging market countries	Quantitative tool with limited qualitative outputs

[3] The methods used by three particular companies – the Eurasia Group, Exclusive Analysis (EA) and Political Risk Services (PRS) – to blend structural and temporal risks are discussed in greater detail in Philips, 2007.

The main differences between current donor frameworks for political economy or governance assessments and private sector political risk assessment tools are that the latter include forward-looking (and often quantitative and probabilistic) indicators of political events, and tend to be more systematic.

The issue of how useful quantitative and probabilistic models can be in assessing and managing political risks remains an open question (Phillips, 2007). As Ian Bremmer, President of Eurasia Group, has noted, ‘Political risk analysis is more subjective than its economic counterpart and demands that [businesses] grapple not just with broad, easily observable trends but also with nuances of society and even quirky personalities. And those hard-to-quantify factors must be constantly pieced in an ongoing narrative within historical and regional contexts’ (Bremmer, 2005).

From a donor perspective, one concern that has been consistently raised in terms of the usefulness of governance frameworks and political economy analyses is that they need to be updated continuously so that they do not become static, and there are constraints about the kinds of resources and skills this entails.

Linking fiduciary and political risk analysis

Some donors are increasingly engaged in efforts to incorporate political risk factors and to link their political and governance analysis to their assessments of other types of risk. Fiduciary risks have emerged as an area of particular concern, and a variety of donors have institutionalised fiduciary risk assessment through explicit frameworks and guidance on how to address such risks. These include DFID’s recently updated Fiduciary Risk Assessment tool (see Box 2 below), and the World Bank’s Country Institutional and Procurement Assessments, which are used as the basis for managing risk exposure and appetite. The Public Expenditure and Financial Accountability Framework organised by the multi-donor PEFA group focuses on a number of risks related to the budgetary process, some of which if broadly defined can also be considered salient for political risk analysis.[4] There are also significant and related risks in the public procurement system. The Agence Française de Développement (AFD) has also developed a risk assessment tool based on the PEFA methodology, and bears similarities to DFID’s approach.

Box 2: Synergies between DFID’s Fiduciary Risk Assessment tool and country governance assessments (CGAs)

DFID updated its Fiduciary Risk Assessment (FRA) tool in 2011 in the context of its Strengthened Approach to Budget Support. It defines fiduciary risk as the risk that funds are not used for the intended purposes; do not achieve value for money; and/or are not properly accounted for. Its How To Note on managing fiduciary risk posits that such risk can be due to a variety of factors, including: lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or active corruption. Politics is clearly important (e.g. the FRA seeks to assess whether the government in question has a credible commitment to reform). In order to better understand and incorporate political dimensions involved, the How To Note also states that FRAs should be read in conjunction with country governance analyses (CGAs) and macro-level political economy analysis (where available).

[4] The six variables of interest in the framework are: credibility of the budget, comprehensiveness and transparency, policy-based budgeting, predictability and control in budget execution, accounting recording and reporting, and external scrutiny and audit. See Flynn and Dendura, 2011.

Box 2: continued

The CGAs, for their part, are intended to assess the quality of governance in the countries where DFID works, in order to monitor governance over time, including the causes of conflict and insecurity, and to inform choices over the use of aid resources. The CGA How To Note also argues that monitoring governance can help to manage political risk more effectively. Guidance on risks stipulates the following: 'Risk analysis should focus on the prognosis and risks in so far as this is possible … Risks could include latent conflict or the prospect of actual conflict suggested by indicators of territorial insecurity, poor conflict management capability, large numbers of migrants and/or internally displaced people, unresolved grievances between communities and general political instability. The prospective forecast could also try to identify milestones and forward looking political risk indicators that the Country Office intends to monitor in the future and that future CGAs will revisit.'

The CGA How To Note further suggests that country offices may want to review the political risk indicators and analysis produced by private sector companies or even commission bespoke reports.

Oxford Policy Management (OPM) is currently undertaking a multi-year project to assess the extent to which the FRAs are in line with DFID's FRA How To Note. An interesting question to explore is how issues related to political risk, as flagged in the CGA How To Note, are being addressed in the FRAs, how they are operationalised in different settings, and what lessons can be drawn from ongoing practice and implementation.

Sources: DFID (2011); DFID (2007); OPM (2011)

Constraints for incorporating political risks in donor policy and practice

Despite donors' increasingly systematic efforts to assess and manage different elements of risk and the relationships between those elements, there has been less attention to broader analysis of contextual risk, which is an area that is not always operationalised (OECD, 2010; Paris and Sisk, 2009; OECD, 2009). Moreover, efforts in this area remain considerably fragmented, not only between different donors but also within individual entities (e.g. within the UK, the US, and the EU). Overall, there is a need for more cohesive and integrated approaches to political risk – including how to identify and address the challenges such risks present – and frameworks should be common/joint, or at least more broadly shared (OECD, 2012; OECD, 2009; Phillips, 2007).

Part of the challenge lies in how political/governance analysis can be made more relevant to policy-makers. Some of the gaps that have been identified include lack of clarity in how key concepts (such as incentives or political will) are used/understood, the inability to move beyond contextual specificities, and limited practical implications that can be drawn from broad contextual analysis (Harris and Wild, 2013). Newer generations of political economy analysis aim to address some of these limitations. For instance, they have a clearer focus on identifying plausible theories of change as a result of assessments, and also involve policy-makers themselves throughout the analysis (Harris, 2013; Harris and Booth, 2013). However, further work is needed.

A more fundamental challenge lies in the bureaucratic and organisational incentives within agencies that can also mitigate their abilities to effectively identify and respond to a range of political risks. As highlighted in the 2011 Word Development Report (World Bank, 2011), a narrow concern for quick and visible results – which donors tend to emphasise so that they can be accountable to their home publics – does not always provide the foundations to support effective, resilient and responsive states and institutions over time. Some have argued that many of the problems with aid (Pritchett and de Weijer, 2011) – including, for example, the privileging of the form over function of change (with an emphasis on formal institutions like elections or anti-corruption commissions without due concern about their substance and viability) – and a reluctance to engage in riskier institution-building may be grounded in a perceived tension between competing accountabilities to domestic taxpayers on the one hand and to the governments and citizens of recipient countries on the other (Rocha Menocal, 2011). Yet, as recent research from ODI and the Institute for Public Policy Research (IPPR) suggests, in the case of the UK, the public may have a greater tolerance on risk than commonly thought (Glennie et al., 2012).

In addition, expectations that aid should prove its value by generating consistently high returns may not be in line with how improved practice is actually achieved. As some have argued, innovation – which inevitably entails risk – cannot happen without allowing for (some) failure, and some investments may not pay off (at least not immediately or directly). This suggests the need for greater willingness and honesty to learn collectively, not only from what has worked but also from what has not (Carr, 2013), as well as for some strategic patience. For example, International IDEA (Institute for Democracy and Electoral Assistance) is currently working in Latin America on a project to protect politics from drug trafficking, the seeds for which were planted over 10 years ago without yielding results for some time (Rocha Menocal and O'Neil, 2012).[5]

Moreover, analysis suggests that staff, especially at the country level, may face perverse incentives to working in a more strategic or innovative manner. They may be reluctant to take risks because that can lead to periodic failure, and in turn may imply a blighted career (Ostrom et al., 2002). Related to this, staff in-country are under constant pressure to disburse aid (Williamson, 2009). This is compounded by continuous staff fluctuation and rapid turnover rates, especially in terms of presence in the field, which poses considerable challenges to building and sustaining long-term relationships with in-country partners and the maintenance of institutional memory (see Ostrom et al., 2002; Rocha Menocal and O'Neil, 2012). Meanwhile, standard aid procedures are often too slow and inflexible.

Taken together, the incentives of donor agencies themselves may encourage behaviour and systems that are too risk-averse to achieve the desired results in institutional change, or that produce risk assessments that are not fully operationalised. Among other things, the complex and elaborate bureaucratic procedures and reporting requirements involved in the provision of assistance – presumably to avoid wastefulness and corruption – can be a considerable impediment to greater innovation and, eventually, enhanced effectiveness (Natsios, 2010). In addition, approaches to risk and risk management are primarily developed at the headquarter level. This does not necessarily reflect practice throughout an organisation, particularly at the field and programme implementation levels. Practice depends in part on the way in which policy is understood and implemented and the amount of discretion given to regional and country offices or implementing partners (OECD, 2012).

All this suggests the need for a much greater focus on how to operationalise politically smart development assistance, which can take account of a broader range of political risks in programmes, and do so in a more flexible and responsive manner.

[5] See also: http://www.idea.int/americas/protecting-politics-from-drug-trafficking.cfm

Making aid smarter

Making aid smarter and politically savvier is likely to require substantial changes in the ways that donors work (see Box 3 below). If the international development community is to rise to the challenge, there needs to be a radical shift in political and public thinking about how it can support institutional transformation. To become more effective, donor assistance needs to become more politically aware, better attuned to context, and more pragmatic and flexible (Rocha Menocal, 2011). Smarter aid calls not only for a deeper understanding of institutional change as a process that is typically uneven and messy (which many donors do now have, at least at the policy level) but also for greater tolerance for the uncertainty, setbacks and surprises it entails. Taking appropriate risks to make aid smarter requires political backing, the right incentive structures, sufficient staff capacity, and appropriate institutional processes and control measures. It also means striking a balance between different tensions and dilemmas, and being flexible and adaptable in order to take advantage of sometimes narrow windows of opportunity. Box 3 (below) shows what striking a balance between different risks might look like.

Box 3: What might striking an adequate balance between different risks look like?

Being more willing to take risks might mean:

- Being more flexible in financing procedures. A recent paper on transition financing suggests that greater flexibility and adaptation to context are indeed required in this area (OECD, 2010).
- Being prepared to accept a lower degree of accountability in financial reporting or the demonstration of results (but with due respect to the Paris Principles). This may mean recognising that being ‘effective’ in this type of environment demands a different approach to that adopted in more stable contexts, including being prepared to live with less control (and its attendant risks) and more uncertainty.
- Being more innovative in programming: being willing to risk untested and uncertain new approaches rather than the standard repertoire of humanitarian and development responses. The need to innovate appears to go with the need to adapt to context, but more radical forms of innovation (such as general cash distribution and donors acting more as brokers of change than simply as disbursers of funds) may be thought to increase risk in a given context.
- Being more tolerant of things going wrong. It is essential to consider not just risk, but opportunity – including the opportunity cost of non-engagement. What the financial sector calls ‘upside risk’ is an essential part of the analysis, without which judgements about risk and risk management cannot be properly assessed.
- Adopting more adaptive, problem-solving approaches that can facilitate change processes (Andrews and Woolcock, 2012; Booth, 2013; Tavakoli et al., 2013)

Source: OECD, 2012

How can this be achieved? Beyond securing greater policy commitment or new policy tools, there is a need to find ways to embed monitoring and responding to a range of political risks as a core part of the day-to-day work of aid agencies so that this becomes part of their 'DNA'. There is no 'one way' of doing this. However, ODI's experience over the past few years in analysing how donors interact with political and governance dynamics highlights some important ways in which political risks can be taken into account more thoroughly. These include:

1. **Improving use of existing frameworks and tools** rather than developing new ones. For political economy and governance assessments, these need to examine implications for programming and political risks more explicitly, and find a middle ground between catch-all concepts and a rigid adherence to context specificity. As already noted, newer generations of problem-focused political economy analysis, often at the sector level, look more closely at a range of risks for programming and seek to identify plausible pathways of change. This should enable greater specificity about the ways in which political and governance constraints affect the delivery of public goods and services, and about the political risks and dynamics within as well as between different sectors (Harris and Wild, 2013; Harris et al., 2013). This represents an important step forward in the diagnostics of a range of governance and political dynamics. Realising the commitments to assess political risks as part of fiduciary risk assessments, as recent DFID guidance calls for, could be another way of embedding and operationalising political risks within organisations. Additionally, at present, donors have different knowledge of and experience with political risk management (both more successful and less so), and sharing and harmonising these towards developing joint approaches seems important to avoid inconsistencies in risk mitigation and monitoring (Flynn and Dendura, 2011). Importantly, efforts may be needed to bring together more quantitative assessments of political risk, predominant in private sector analysis, and more qualitative assessments, which may be better placed to highlight why things operate as they do and what the plausible pathways for change might be.
2. **Capacity development and hands-on engagement**, to develop the skills of donor agency staff in monitoring and understanding a range of political processes and dynamics. Increasingly, there have been calls for more dynamic and flexible political economy tools, and donors as well as a growing number of international NGOs are investing in ongoing efforts to build the skills and capacity of their staff on political analysis through training and other forms of capacity development.[6] Training courses often aim to embed key analytical and monitoring skills within agencies so as to reduce reliance on external advice over time. It is important to note that there are major differences between agencies too, which reflects in part the nature of the agency in question (e.g. independent development agency or organisation, part of a broader foreign and diplomatic service, implementing entity, etc.). These differences require capacity development that is tailored to the types of skills needed. Including elements of political risk assessment and management more explicitly in such initiatives could be an important step forward.
3. **New aid approaches and models**. Evidence increasingly shows that the interventions that are most likely to contribute to sustainable and meaningful change are based on long-term engagement to support domestic capacities and agendas. This calls for those providing support to act not simply as providers of funds or implementers, but as facilitators and conveners – bringing together domestic stakeholders, supporting them in identifying problems, and encouraging them to work collaboratively in finding potential solutions (Power and Coleman, 2011; Rocha Menocal and O'Neil, 2012; Tavakoli et al., 2013). Andrews and Woolcock

[6] One example is the ODI/Policy Practice political economy training, which over the past several years has been imparted in agencies including AusAID, DFID, the EU, GIZ, and the UNDP (see: http://www.odi.org.uk/projects/943-training-course-political-economy-analysis).

> (2012) have recently proposed a model based on problem-driven iterative adaptation, while David Booth (2013) has made an argument for 'arms-length assistance'. These approaches suggest the need for more dynamic, flexible and adaptive models or ways of working that can help to facilitate and broker local problem-solving efforts in different ways, while taking full appraisal of the risks involved.

At ODI, we will be integrating analysis of this, and of donor ways of working, into further work into the politics of service delivery and more broadly into our work on emerging democracies and the challenges of institutional transformation. We will focus on documenting what has worked well and what has worked less well, and what can be done differently to improve effectiveness. We hope this will contribute practical insights and lessons for how to make aid smarter and politically savvier, which certainly seems to be a risk worth taking.[7]

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