Uncertainty and Private Sector Response to Economic Development Policy in Post-Genocide Rwanda

Monique Nsanzabaganwa

Dissertation presented for the degree of Doctor of Philosophy of Arts and Social Sciences at Stellenbosch University

Promoter: Professor Philip Black

December 2012

Declaration

By submitting this dissertation electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the sole author thereof, that reproduction and publication thereof by Stellenbosch University will not infringe any third party rights and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Signature:………………………….. Date: ……………………..

Abstract

This research explored factors underlying successful implementation of development policy. It applied new institutional economic analysis to policy-making processes viewed from the theory, methodology and practice perspectives. Two important results came out of the analysis. Firstly, policy performance depends on private actors' optimization processes that may or may not end up in conflict with the policy prescriptions. This constitutes a major source of uncertainty. Secondly, getting the policy content right is a necessary but not sufficient condition for success. How policy actions are delivered (implemented by private agents) matters a lot. The policy maker is therefore invited to devise an appropriate mechanism design to that effect.

The study proposes the Connectedness model as a normative methodology to minimize uncertainty and increase the likelihood of policy success. The model was inspired by a retroductive inference from some Rwandan living experiments in policy management, which have assisted the country to quickly recover from the 1994 Genocide of the Tutsi and achieve high economic performance in a record time. The Connectedness model defines four actors of a policy process – the politician, the policy expert/bureaucrat, the change manager/consciousness nurturer and the private actor– and describes the nature of interactions between and among them susceptible to guarantee success. The more role players are coordinated, share the same vision and implement consensus building mechanisms, the higher the likelihood for the policy to deliver according to plans.

The study proposes three recommendations. Firstly, further research is needed to operationalize leadership, private sector spirit and connectedness institutions as endogenous variables in the new growth theory models. Secondly, new methodologies are to be devised to capture behaviour of individuals and the dynamic nature of policy making processes in

macroeconomic modeling. Thirdly, economists and policy makers ought to value more the contribution of social science disciplines such as sociology and psychology in gathering evidence and tools to handle change effectively.

Opsomming

Hierdie navorsing het faktore ondersoek wat onderliggend is aan die suksesvolle implementering van ontwikkelingsbeleid. Dit het nuwe institusionele ekonomiese analise op beleidmakingsprosesse toegepas, gesien vanuit die perspektiewe van teorie, metodologie en die praktyk. Daar het twee belangrike gevolge vanuit hierdie analise voortgevloei. Eerstens, beleidsprestasie hang af van die private rolspelers se optimaliseringsprosesse wat aan die einde van die dag in stryd met beleidsvoorskrifte mag wees – of dalk nie. Dit is dus 'n groot bron van onsekerheid. Tweedens is die regkry van die beleidsinhoud 'n noodsaaklike maar nie genoegsame voorwaarde vir sukses nie. Hoe beleidsaksies gelewer word (geïmplementeer word deur privaatagente) is baie belangrik. Die beleidmaker word dus uitgenooi om 'n toepaslike meganisme-ontwerp te dien effekte te skep.

Die navorsingstudie stel die verbondenheidsmodel voor as 'n normatiewe metodologie om onsekerheid te minimaliseer en die waarskynlikheid van beleidsukses te verhoog. Die model is geïnspireer deur 'n retroduktiewe afleiding wat gemaak is na aanleiding van 'n paar Rwandese lewende eksperimente in beleidsbestuur wat die land gehelp het om vinnig te herstel na die menseslagting van die Tutsi's gedurende 1994 en om hoë ekonomiese prestasie in 'n rekordtyd te bereik. Die verbondenheidsmodel omskryf vier rolspelers van 'n beleidsproses – die politikus, die beleidskundige/burokraat, die veranderingbestuurder/bewussynsversorger en die private rolspeler – en beskryf die aard van die interaksies tussen hulle wat na alle waarskynlikheid sukses kan waarborg. Hoe meer die rolspelers gekoördineer word, dieselfde visie deel en konsensusbouende meganismes implementeer, hoe hoër is die waarskynlikheid dat die beleid volgens plan sal lewer.

Die navorsingstudie stel drie aanbevelings voor. Eerstens is verdere navorsing nodig om leierskap, die gees van die privaatsektor sowel as die verbondenheidsinstellings te

operasionaliseer as endogene veranderlikes in die nuwe groeiteoriemodelle. Tweedens behoort daar nuwe metodologieë geskep te word om die gedrag van individue sowel as die dinamiese aard van beleidmakingsprosesse in makro-ekonomiese modellering vas te vang. Derdens behoort ekonome en beleidmakers die bydraes van dissiplines in die Sosiale Wetenskappe byvoorbeeld Sosiologie en Sielkunde hoër aan te slaan wanneer bewyse en instrumente bymekaar gemaak word om verandering op ‘n effektiewe manier te hanteer.

To

Gratia, for your brightness

Pascal, for your caring heart

Aimé, for your warmth

Théogène, for your love and patience

Table of contents

List of Tables

List of Figures

Acronyms

AfDB: African Development Bank

AIDS: Acquired Immune Deficiency Syndrome

CIP: Crop Intensification Programme

EAC: East African Community

EDPRS: Economic Development and Poverty Reduction Strategy

ENAS: Enterprise Nkubili and Sons

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

HIPC: Highly Indebted Poor Country

ICT: Information and Communication Technology

ID: Identity Card

IFC: International Finance Corporation

IFDC: International Centre for Soil Fertility and Agriculture Development

IMF: International Monetary Fund

LDC: Least Developed Country

MDG: Millennium Development Goal

MINAGRI: Ministry of Agriculture and Animal Resources

NGO: Non-Government organization

NIE: New Institutional Economics

OECD: Organisation for Economic Cooperation and Development

OSSEREA: Organization of Social Science Research in Eastern and Southern Africa.

PRSP: Poverty Reduction Strategy Paper

SACCO: Savings and Credit Cooperative

SPAT: Strategic Plan for Agriculture Transformation

UN: United Nations

UNCTAD: United Nations Committee on Trade and Development

UNDP: United Nations Development Programme

US: United States

USD: United States Dollar

Acknowledgements

This report is a result of a long and enduring project I embarked on in 2002, abandoned in 2003, and resumed in 2005. Upon completion of Masters of Arts in Economics in 2002, I was granted an automatic upgrading to the status of full-time, research-only, PhD candidature. But my appointment as Cabinet member in 2003 came in as a highly demanding project altogether that I felt the need to stay my study ambitions for a while. If it were not for the special support and encouragement I received from President Paul Kagame, as well as continuous push from colleagues especially Professor Manasseh Nshuti, I could hardly have dared resuming the PhD project. I therefore feel much indebted to them and wish to thank them immensely for trusting in me.

My thanks go to the people and leaders of Rwanda that have been such a powerful inspiration for almost all the ideas contained in this research. I wish to recognize in a special way, the insight of connectedness, which I borrowed from President Kagame's philosophical and practical stand point as one of the values he consistently urged leaders to uphold, namely that they always must be connected to the realities on the ground. To the farmers of Kirehe District who kindly accepted to share their amazing experience, I say thank you.

Many people have contributed to this research in one way or another. Besides being a loving and caring husband, Théogène Bangwanubusa pledged his skills in research methodology and report writing. I am sure what I have put at use is only a portion of what he could have loved to see. Chantal Uwamahoro, George Mulamula, Ernest Ruzindaza, François Nsengiyumva, Viviane Nininahazwe, Ananias Gichondo, Viviane Mwitirehe, Oswald Abenawe to name only those, have been instrumental in collecting the material used for the Rwandan case study. Beatrice Numukobwa assisted me in collecting online material, which she always handed to me with a smile and a word of compassion and encouragement. Among many other useful discussions, Thomas Kigabo opened me the window to the new literature on leadership and growth. Patricia Niyonsaba helped with proof-reading while Martin Gakuru and Ananias Gichondo spent hours formatting the text to fit acceptable publishing standards. Magdaleen (Maggie) Goosen worked very long night hours to make sure I meet submission deadline. I cannot fail to mention Ambassador Claver Gatete, the Governor of the National Bank of Rwanda and colleague, who generously offered to work longer hours alone for me to have some free time to concentrate on the finalization of the thesis at a time I needed it the most. Looking at the end result today, I see your share in every bit of it to which I am really grateful.

Handling the administration and logistics part of this study project from a distance was not an easy task. Several times, deadlines for annual registration or settling my financial obligations were missed. But I always relied on Professor Andrie Schoombee and Albert Van der Merve of the Economics Department as well as Linda Uys and her colleagues at the International Office who knew how to fix the issue before it was too late. I thank them for their unwavering support. I also am grateful to Francis Karimba who facilitated my trips to and from Stellenbosch and acted as my extended arm in South Africa in so many ways.

My supervisor, Professor Philip Black, deserves a special mention. As he did with my Masters thesis, he once again never stopped building my confidence by always repeating to my entourage and myself how great my work was. I know his word has gone a long way in shaping my credentials. Professor Black, thank you so much indeed. I also thank the external examiners for their useful corrections and comments.

I owe a debt of gratitude to my family, husband and children, for all the sacrifices they had to endure because of my absence even when I was physically present. Allocating the few hours of a day between public service, research and family, the latter often got a residual share. My

relatives and friends also suffered the same. But I know that you cared, and prayed a lot for my success. To you and to all who have wished me well and offered a prayer I say thank you.

May the Almighty God immensely reward your efforts. Glory be to Him for all the strength He has given me to carry through this research to completion. I fully dedicate it to Him.

Introduction

This study aims at understanding key features of a successful policy-making process. It is largely an exploratory theoretical work concerned with identifying factors underlying the success registered by some countries in bringing about economic growth and improving the living conditions of their citizens, amidst many failures around. The research presents a case study of Rwanda as one such economy that has managed to transform rapidly, through challenging times. In so doing, focus is put on the crop intensification programme and the land use consolidation1 that is a centre-piece of the programme.

The main proposition of the thesis is that good policy performance depends on how a government interacts and communicates with actors in the private sector2, who are rational and emotional in nature, to facilitate the alignment of policy objectives with private actors' interests – what is termed "connectedness". The study argues that brokering consensus between policy makers and private actors requires an appropriate methodology and effective change managers capable of fostering enlightenment and empowerment of the private actors.

The study is in support of pragmatism, which renders debates such as the state-versus-market and bottom-up-versus-top-down-approach irrelevant in accounting for differences in performance.

---

[1]Taken as a measure to stop fragmentation of landholdings, land use consolidation consists of putting together small plots in terms of management and use, whereby farmers plan together and in a uniform manner, to plant the same crop at the same time, to apply agricultural inputs together and to organize post-harvest and marketing together. It has nothing to do with consolidating the ownership of the plots, since it is only limited to the management, each farmer working on his or her own part of the land.
[2]Defined following Mohr et al. (2000:65-83), private sector include households, firms and financial intermediaries.

Conceptualization

Babbie and Mouton (2001:282) define conceptualization in case study research as the "stating of the purpose of the study; presenting the principles guiding the study, either as hypotheses or research questions; sharing the reasoning that led to the hypotheses or questions; and carefully defining the concepts". This section is dedicated to doing just that.

It is a well-established fact that development policy can perform well in one context and poorly in another. This is true for regions and nations alike. One case at hand is South Korea which in the 1960s lived under similar or in worse conditions than many countries in Africa but, 50 years later, is well ahead of them despite a comparable development policy mix (Kim 2008).

Similarly, varying levels of policy performance are witnessed within a country. Examining the case of Rwanda, for instance, Imihigo[3] evaluations confirm year after year, that Districts have achieved varying outcomes in the application of policies aimed at transforming the rural economy. What are the factors underlying successful implementation of development policy?

Scholars and practitioners in the New Institutional Economics (NIE) interested themselves in the above issue. Douglass North[4], one of the founding fathers of the NIE discipline puts it in

---

[3]Imihigo is a Rwandan cultural concept of auto-target-setting performed by a subject in front of his master, usually done in a competition style. Since 2005, that value-based concept was transformed into a modern tool of management whereby the Mayors of District and the Mayor of Kigali City, in the name of the population and all stakeholders in a district, sign performance contracts with the President of the Republic. Imihigo is a performance-based, result-oriented statement of priorities that a district sets to achieve within a period of one year in alignment with national objectives. A grand evaluation takes place annually whereby districts are ranked by performance and best performers are awarded publicly.

[4]From page 4 of his essay "The New Institutional Economics and Development" available online**http://econ2.econ.iastate.edu/tesfatsi/NewInstE.North.pdf**visited on 19/7/2010.Year of publication not shown.

this way: "What went wrong with the failures and more urgently why is it so hard to make it right? An explanation entails some analysis of the institutional requirements necessary to capture the productivity implications of modern technology".

According to NIE theory, multiple sub-optimal equilibria can be obtained in a world of positive transaction costs where decisions of individuals are bounded by incomplete information and limited cognitive capacity to process choices. If the institutional matrix is structured in such way that it results in an inefficient outcome, chances are that economic stagnation will persist.

Such phenomenon is described as path dependence, i.e. a lock-in situation due to

- informal rules that take time to change;
- costly and biased learning by entrepreneurs; and
- vested interest in maintaining the status quo for whichever players have stronger bargaining power.

The debate over path dependency as opposed to path reversal is an empirical one. North (1990:3) treats path reversal as a rather rare case. He states that "reversal is a difficult process about which we know all too little (…) [t]he reason [being] that we still know all too little about the dynamics of institutional change and particularly the interplay between economic and political markets". In this regard, Acemoglu and Robinson (2010:136) argue that although "our state of knowledge does not yet enable us to make specific statements about how institutions can be improved (to promote further economic growth)" [parentheses in the original], at least "it is possible to develop a coherent framework for understanding why and how institutions differ across countries, as well as how they change".

Acemoglu and Robinson (2010:141-5) developed a framework that recognizes institutions as being a result of collective choice whereby interest groups can pull in all directions but ultimately, the political power will always be the deciding factor. However, the political power itself depends on the balance between “de jure” power and “de facto” power, to the extent that dysfunctional institutions can persist despite the good intentions expressed by the leadership in office. Hence the lack of commitment to each other can lead to inefficiency.

This result is predicted by game theory; the famous prisoners’ dilemma game. The Nash equilibrium predicts that rational prisoners will never play the “don’t confess” strategy yet it is this strategy that would guarantee maximum reward (or less punishment) to both players. The need for a coordinating mechanism of individual preferences in a process of collective choice so as to prevent inefficiency and optimize the social utility function is a theme that is well elaborated in public choice literature. Arrow’s (1963:31-2; 58-9) general possibility theorem predicts dictatorship to be such a mechanism.

Similarly, Buchanan and Tullock (1999:77-8) arrive at the same conclusion that under positive transaction costs, dictatorship is “the most efficient rule for collective decision-making”, provided that the “single decision-maker” behaves benevolently enough to minimize external costs imposed to private individuals by collective action. To the presence of positive transaction costs, Arrow adds another difficulty, namely, that there will always be “enlightened self-interest” (1963:88), which constrains “the consensus on the ends of society” (1963:83). In these conditions, dictatorship is opted for as a rational choice by “a consent by the members of the community or at least a good many of them (…) the desires of those individuals include a liking of social decisions made by a dictator or at least a liking for the particular decisions which they expect the dictator to make” (1963:30).

In this way, dictatorship is understood differently from its popular meaning that often comes with a bad connotation. It becomes a rational choice of individuals engaged in the process of "collectivization" (Buchanan and Tullock 1999:72-3) whereby individuals surrender their decision-making authority to a government under minimum institutions capable of minimizing the abuse of that power.

Implementing development policy thus can be viewed as a game whereby government and private sector are engaged in a series of interaction making such game a repeated one (Romp 1997:5). In repeated games, government pre-commitment, through legislation or declaration of targets, can convince rational expectations to adjust to a new long-run equilibrium, provided such pre-commitments are judged credible enough (Romp 1997:122-4). Private sector actors are able to "trade short-term pain for long-term gain" because of the confidence and trust they have in the government (Tan et al. 2010:125). Indeed, experiments showed that individuals tend to be more co-operative than it is predicted by the Nash equilibrium, achieving more efficient economic outcomes in the process. Reasons can be altruism (pure altruism or duty – moral obligation), learning, uncertainty about other players, reputation, or group reputation, among others (Romp 1997:234-240).

Then, if path reversal is a reality (Brousseau and Glachant 2008), it can be more interesting to focus on those who get it right in order to explore factors behind their success. That is what this research is proposing to do.

There has been an increasing recognition of leadership as key ingredient of economic growth and successful path reversals, as exemplified in "Leadership and Growth", a publication of the

Commission on Growth and Development edited by Brady and Spence[5]. Scholars and practitioners that have authored articles in this publication covered the role of leadership in four aspects, namely promoting national unity, building conducive institutions, formulating and executing innovative and localized policies, and building consensus, that create the "foundation for making the intertemporal choices that are required for growth" (Brady and Spence 2010:xi).

Successful leaders are therefore the ones that have a clear vision of where they need to take the economy and know how to choose the right policy mix at the right time. Successful leaders also take their time to explain complicated economic choices and to persuade economic agents to buy into those choices (Brady and Spence 2010:xvi). "These leaders contribute to successful policy implementation by their ability to envision the road ahead, to mobilize the people, and to build consensus for their policies through a politics of convergence, not divergence" (Tan et al. 2010:110).

Rusuhuzwa Kigabo (2010:86-92) argues that leadership in Rwanda succeeded in creating conditions for growth through peace, security, unity and reconciliation, inclusion and good governance institutions. This enabled to attract domestic and foreign investment and to increase the involvement of Rwandans in productive sectors without fear of civil crises.

However, it takes more than an effective leader to transform an economy and embrace profound behavioral change. To quote President Kagame's answer (statement dated

[5]At the time of publishing *Leadership and Growth*, David Brady was teaching Political Science at Stanford University among other many credentials; Michael Spence was Professor Emeritus at Stanford University, and a Nobel Memorial Prize in Economic Sciences of the year 2001. Professor Spence was Chairman of the Commission on Growth and Development, a project sponsored by the Australian, Dutch, Swedish and UK governments, The William and Flora Hewlett Foundation and the World Bank.

16/3/2011), when he was asked to comment about the quick recovery and success of Rwanda as opposed to some other African country:

> It is not the leader alone that matters. There must be *connection*[6] between the leader and the led. Yes, there is something about the leader, but there is also something about the quality of the led as well. The actual engine of change is a hidden one, the *spirit*[7]. The secret lies in having succeeded in galvanizing the Rwandan spirit. What we see on the street is only the expression of something deeper. Success, you not only see it, you also feel it, even when you meet those Rwandans in remote areas. You realize that they have captured the message that we [Rwandans] need to be the agents of our own development ourselves, that we need to work hard. The presence of leaders is very important to help those citizens translate that message in deliverables. It is about doing the right thing right. If Rwandans can do it, then who else cannot do it?

The phenomenon described in the few lines of the above statement is rich in wisdom and knowledge that are worth digging in order to understand its theoretical, methodological and practical basis and implications. It constitutes the foundation of the research question that interested the present study: What are the factors behind the successful implementation of an economic development policy?

Many studies have focused on explaining why policy implementation fails. One would think that, since we have an extensive knowledge of what went wrong in development experience, it will suffice to resist repeating the same mistakes in order to perform better. But precisely, to

[6] Emphasis supplied.
[7] Emphasis supplied.

repeat the same question asked by Douglass North, why is it so hard to get it right even with the best of intentions? It will be argued throughout the present study that those who stand a chance to succeed have to do more than just do the opposite of what those who fail actually do. It will also be argued that how they do it matters a great deal.

Focusing on private sector[8] response to policy, the present study explores path reversal in economic performance of the Rwanda rebuilding. By examining a case study of land use consolidation policy implemented in Rwanda, this study makes a modest contribution towards filling the gaps highlighted by North. While subscribing to the same tradition of New Institutional Economics, which is to explore "processes by which change occurs" (Brousseau and Glachant 2008:19), the study however goes beyond the power of polities to focus on the learning by enterprising individuals, who are considered as the key agents of change in actual fact.

In this research, the term private sector is used as opposed to the public and foreign sectors, following Mohr et al. (2000:65-83). It refers to:

- Households who act as consumers and owners/sellers of the factors of production,
- Firms whose role is to buy factors of production, i.e. to invest, and to convert them to produce goods and services that will be sold to the market, and
- Financial institutions who act as intermediaries between savers and borrowers of funds.

[8] Private response is considered at the individual level, business level and community level.

According to this definition, as an illustration, farmers are part of the private sector both as members of households and as owners of firms (farming units of a sole proprietorship or cooperative form).

Policy-making aims at bringing about change in society. This study's main focus being answering the "how" question, i.e. how the policy process is conducted, the need for a solid methodological foundation to policy-making becomes self-explanatory and the choice for the critical tradition comes almost naturally. Critical theory combines "the positivist tradition (with its interest in control) and the hermeneutic-phenomenological tradition (with its interest in symbolic interaction and communication) with an emphasis on emancipatory and transformative science" (Babbie and Mouton 2001:35). The just-mentioned interests match what a good policy-making process requires: a good theory (good knowledge of the instruments and the transmission mechanism), a good methodology (to raise consciousness, reduce resistances and reach consensus) and a good vision (transformation and emancipation of private actors).

The policy process recommended in the present study to a large extent adopts Hill's analytical framework but slightly modifies it. Hill (2005:142) introduces three dimensions to the policy process, namely authority (rules), transaction (outputs, contracts and markets) and persuasion (collaboration or co-production). Hill's idea of going beyond the conventional NIE stand, i.e. primacy of the role of polity[9], to also consider private actors and institutions (the market being also one of the institutions) is widely shared by this thesis. However, it is being argued that a construct that is more consistent with critical thinking than persuasion is needed. As far as the

[9] NIE links economic performance to the nature of polity as the latter plays a central role of setting formal rules and enforcing property rights of individuals.

present study is concerned, constructs such as empowerment or enlightenment would be better replacements.

Empowerment/enlightenment refers to a process of generating a “rationally motivated assent” (Habermas1984:287) on the part of private actors, “not through egocentric calculations of success but through acts of reaching understanding” with the aim to harmonize plans of action of participants on the basis of common situation definitions (Habermas 1984:285-6). If we are to borrow the terminology from The Theory of Communicative Action, enlightenment puts the focus on “the hearer” whereas persuasion is seen from “the speaker”’s perspective. Enlightenment presupposes participants acting from an equal footing (or at least efforts are made to minimize the power relations) while persuasion has some domination connotation in it.

Thus, four policy role players will be retained. The first two are related to the authority wing of our framework, namely the politician who sets the direction and the policy expert or policy administrator who designs and administers the policy, as the name suggests. The third player is the private actor who, through a market mechanism, stands to be the real implementer of the change by exercising his/her rights of decision over, use of, access to, or production of, the resources. The fourth player is the consciousness nurturer or change manager whose role is to enlighten, as opposed to persuade, the policy object in his/her rational decision processing (the learning process). It befits to mention from the start that what matters for this four-tier role distinction is the function being performed at a given time, not the title of the individual performing it. As such, a local administration officer can also play the role of consciousness nurturer each time he/she will be adopting the attitude of the consciousness nurturer as defined in this study.

It is the understanding of this study that institutional settings characterized by a high degree of connectedness between and among these players increase the likelihood of policy success, and conversely.

The connectedness model proposed as a result of the analysis based on theory, methodology, and the practical experience, provides a qualitative description of the type of relationships and institutional settings that are set to reduce uncertainty of policy outcomes.

Thus, connectedness in the sense of this study is much broader construct than Cooper and Fox's "connectedness in action" (Turner and Hulme 1997:55). The latter alludes to policy makers, bureaucrats and the elitist management of a policy alone while the former include private actors as well. The Connectedness model presented in this work recognizes the responsiveness of private agents to policy as an equally important ingredient for successful policy making processes.

Research Design and Method

This section is devoted to a description of how the present research was designed and conducted. Under research design, the type of study that is required to match the research question and purpose of the study will be presented. Regarding the research process or research methodology[11], details will be given on the methods and techniques that were used to collect data and analyze it to draw conclusions.

[11] A clear demarcation is to be made between the aim of this section on research methodology on the one hand, and that of Chapter two on methodological foundations to policy-making on the other hand. The former focuses on the methodology followed by the researcher to arrive at the findings presented in this report whereas the latter concerns the approach underlying the successful conduct of policy-making.

Research Design

As was said before, this study was set to answer the following research question: What are the factors underlying a successful policy-making process? The main purpose of the study therefore was to explore and to some extent describe policy-making processes; the unity of analysis here being "policy process".

An inquiry into this topic was conducted within the qualitative paradigm. Babbie and Mouton (2001:80) confirm that "exploratory studies are (…) appropriate for more persistent phenomena" like one of policy failure that has triggered this research. According to the authors again, qualitative research or field research is about "the direct observation of social phenomena in natural settings" (2001:205) seen from the insider perspective with an interest to understand them within their own context without the aim of generalizing to larger populations (2001:271-2).

The qualitative nature of this work does not reduce the value and substance of the argument, a point supported by Brousseau and Glachant (2008:12) who observe that "[I]t is indeed forgotten that the revolutionary and fundamental contributions by one of the founding fathers of the discipline [NIE], Ronald Coase, are all based on the accumulation of careful observations of how real world problems are [sic] actually arise and are dealt with".

Qualitative research is inductive: "Rather than beginning with an existing theory or hypothesis, the qualitative researcher begins with an immersion in the natural setting, describing events as accurately as possible, as they occur or have occurred, and slowly but surely building second-order constructs (…), a hypothesis and ultimately a theory that will make sense of the observations" (Babbie and Mouton 2001:273). In this line, the study had to achieve three objectives that are logically linked, namely:

- Investigate the literature on theory, methodology and empirical experiences in order to gain an understanding of the conditions under which a policy can fail or succeed;
- Present a synthesis of the key characteristics of a successful policy-making process in a model/framework;
- Use the model/framework to interpret Rwandan agricultural transformation with a special focus on the land use consolidation policy.

The epistemological stance of the study was a combination of rationalism and empiricism. On the one hand, the study had to tackle the philosophical question of understanding what an ideal policy-making process would look like. In this line, different theoretical and methodological models were assessed for their merits and shortcomings that can be informative to the process of policy-making. The connectedness model ultimately gathered the key features of a policy-making process perceived to be likely to succeed.

The study was also empirical and it used the case study as research strategy. Brousseau and Glachant (2008:11-3) state that to study complex social systems and behavioral issues, one has to combine several methodologies. The authors summarize the methodological approach applied in New Institutional Economics in four stages, namely identify stylized facts, rationalize the stylized facts, control possible explanations and the impact of interrelation of factors, and conduct experiments. This research project dwells more on exploring the stylized facts although not totally ignoring aspects of the other stages. This entails "carrying out a preliminary test of the complex interrelation of causal relationships (…) [and] the collection of wide sets of qualitative and quantitative data (…) through the systematic performance of case studies" (Brousseau and Glachant 2008:11).

The study privileged the analysis of insight-stimulating cases (Babbie and Mouton 2001:80) to fulfill its exploratory mission. For instance, development experiences of China, South Korea and Mauritius were explored to prove that the debate state-versus-market fails to account for rapid economic growth registered in those countries. Similarly, the example of poverty reduction strategies (as country frameworks aimed at guiding the developing countries on the road to achieving the Millennium Development Goals) served to demonstrate that participation usually hailed by development practitioners could not guarantee policy success and therefore called for a rethink. Finally, the case of Rwanda rising from the devastating genocide of the Tutsi and succeeding with its transformational strategies especially in agriculture was analyzed to prove the functionality of the connectedness model.

Apart from the Rwandan case for which existing data and primary data were collected and analyzed, the other cases were handled using existing data. Text data dominated throughout the thesis, but numeric data was used where possible.

The same strategy of picking insight-stimulating examples was pursued in the handling of the Rwandan case study. From a review of the country's vision of becoming a middle income country by the year 2020 driven by the private sector (stated as the engine of growth by the Vision), the study zoomed-in to pillar five, which is "productive, high value and market oriented agriculture". Under this pillar, more zoom-in was done to focus on the crop intensification programme (CIP) launched in 2007. The CIP focusing on maize, wheat, rice, Irish potato, beans and cassava, pulled the 21 districts that were food insecure in 2007 to a status of reaching or exceeding food security thresholds in just three years (Ministry of Agriculture and Animal Resources 2010a), making all the 30 districts of Rwanda food-secure.

Again, in a view to deepen insight and understanding, the study further focused on the land use consolidation strategy of the CIP, this time in a particular district of Kirehe[13]. Kirehe is located in the Eastern Province of Rwanda. It is a very dry place, yet had managed to achieve 70% of its arable land consolidated for maize farming in 2011, almost double the national average (37%) in that year (IFDC 2010:30). The data provided by the farmers and leaders/change managers from Kirehe concerned mainly a description of how the journey from crop-mixing to land use consolidation was made possible and who played which role in it. Following are the details about the research process itself.

Research Methodology

Babbie and Mouton (2001:282) recommend the use of multiple sources of data and methods when the case study qualitative research design is chosen. This is needed to ensure reliability of the findings obtained by analyzing a single unit. It is in this line that the present study combined literature reviews, exploitation of administrative reports, participant observation by attending and/or organizing meetings, organizing focus discussions and conducting informal unstructured interviews. The sampling strategy was to pick insight-stimulating cases, which is a form of judgmental sampling.

[13] Kirehe District is one of the 30 districts of Rwanda, located in the Eastern Province. It is the driest district of the country. Farmers there were used to crop-mixing and to growing sorghum which is more resilient to droughts and less demanding work-wise, but very limited in yields. Of recent, farmers in the area have embraced maize farming (they also grow beans for crop rotation) which has completely transformed their lives for the better.

For secondary source of information, documents produced by the Ministry of Agriculture and Animal Resources and the Ministry of Finance and Economic Planning of the Republic of Rwanda were given attention. These were mainly policy/strategy documents and programme evaluation reports. Speeches pronounced by high-ranking leaders in Government were also exploited.

Primary data was collected mainly by participant observation as the author put her experience in economic development policy practice[15] at use. Moreover, data was collected by means of taking extensive notes during the meetings such as the National Dialogue Council[16], the Government Leadership Retreats[17], Cabinet meeting sessions, Imihigo – District performance contracts– evaluation sessions, Presidential and Prime Minister's visits to the population in different areas and on different occasions, and the field visits performed by the author in her capacity as cabinet member. The last national event of this kind covered was the "Reaching Vision 2020: Facts and Plans" which was organized in February 2012 to show how much progress Rwanda had made in reducing poverty and promoting economic and social development and to launch the preparation of a second strategy in this area. At these

[15]The author served as Cabinet Minister of State in charge of Economic Planning in the Government of Rwanda from 2003 to 2008, where she monitored the implementation of the first poverty reduction strategy for the country and led the elaboration of the second generation of PRSP, namely the EDPRS – Economic Development and Poverty Reduction Strategy 2008-2012, before she was assigned a new post as Cabinet Minister of Trade and Industry which she held until May 2011. At the time of publication of the present work, the author was serving as Deputy Governor of the National Bank of Rwanda.

[16]The National Dialogue Council is established by Article 168 of the Constitution of the Republic of Rwanda. It convenes once every year bringing together the President of the Republic and representatives of councils of local administration entities with legal personality. It is chaired by the President of the Republic and attended by members of the Cabinet and Parliament and other leaders invited by the President (Repubulika y'u Rwanda 2011: 153-4). The Council held its ninth edition in December 2011.

[17]Government Leadership Retreat series were initiated by President Kagame in 2004. The aim of the retreats was to discuss policy and programme implementation issues in a bid to fast-track delivery.The one-week long retreats were held at the beginning of the year, chaired by the President of the Republic. The retreats were attended by top executives in Ministries, Provinces, Government institutions and agencies. Top leaders in the Legislative, Judiciary, and the private sector were also invited. From the 2011 edition onwards, Mayors of the Districts were invited as well, as a way of linking central and local government and ensuring that the local governments who were on the ground where policies got implemented were fully involved in the discussions and roadmap for effective delivery.

occasions, the author had the opportunity to interpret the conduct of development policy-making and implementation with regards to the interactions between private actors and the government.

Primary data was also gathered through unstructured interviewing and focus group discussions with Kirehe farmers, farmer cooperative leaders, local administration and opinion leaders in the district. The discussions proved to be an efficient source of information whereby participants were guided to describe the change process that they witnessed and the circumstances surrounding it. Such discussions were organized in three times, each with a slightly different perspective.

To start with, a qualitative interview was held with the mayor of the district on 21/9/2010. Questions asked sought to know his account of the change that took place in his district and the key underlying factors he may associate it with.

A first group discussion (referred to as Group Discussion 1) was also held on 21/9/2010 with the farmers of Mahama Sector in Kirehe District. The mayor of Kirehe district and his technical staff (agronomist) also participated in the discussions. Three farmers from Musaza, Kigarama and Kigina sectors were invited to enrich the discussions by sharing their change story with Mahama farmers. Mahama sector was the second in Kirehe in terms of area consolidated, but was lagging behind in terms of cooperative organization and effective marketing of the harvest, something farmers in Musaza, Kigina and Kigarama sectors had succeeded to overcome. Discussions covered the farmers' experience with land use consolidation policy, how they came to adopt it, why, and how they saw themselves going forward.

A second group discussion took place on 6/4/2011 as well (referred to as Group Discussion 2), and it involved the executive team of the district (Vice-mayors; the mayor could not be available at that time), the police and army commanders in the district, and a native opinion leader who also happened to be an extension service provider and manage a fertilizer and crop dealership network in the district. That service provider had the credential to be the best performing of all service providers country-wide (IFDC 2010:17). Discussions were high-level, focusing on leadership issues in handling behaviour change in farmers, bureaucrats and business operators involved in the marketing of fertilizers and the maize grain. The presence of the army and police commanders covering the area at both the second and third group discussions was very instrumental in that these two officials used their vast knowledge of what was really happening on the ground to qualify some statements and facts presented by the other members of the focus groups. They continued challenging some arguments in the third group discussion that followed.

The third group discussion (Group Discussion 3) involving the representatives of farmer cooperatives, the agronomists operating at district and sector levels, the service provider[18] covering Kirehe district and his field staff as well as the dealers in fertilizers and maize harvest, was held on 6/4/2011 and focused on coordination and collaboration issues in the field as these technicians performed change management activities.

The discussions did not follow any structured set of questions, which in similar circumstances is even recommended by Bernard (2000:193) as he writes: “When you want to know about the lived experience of fellow human beings (…) you just can’t beat unstructured interviewing.”

[18]Service provider is the term used for extension service provider, who can be an individual or a company hired by the Agriculture Board and assigned a zone to assist in matters related to agricultural techniques.

Babbie and Mouton (2001:289) also argue in the same sense: "A qualitative interview is an interaction between an interviewer and a respondent in which the interviewer has a general plan of inquiry but not a specific set of questions that must be asked in particular words and in a particular order. A qualitative interview is essentially a conversation in which the interviewer establishes a general direction for the conversation and pursues specific topics raised by the respondent. Ideally, the respondent does most of the talking."

The three sets of focus group discussions albeit limited in number are believed to have done justice to the topic being discussed in the sense of the Münchhausen objectivity (Babbie and Mouton 2001:274). The reason is two-fold. Firstly, the three-tier focus group discussions offered enough "opportunity to observe a large amount of interaction (…) in a limited period of time (…) [and to learn] about similarities and differences in the participants' opinions and experiences as opposed to reaching such conclusions from post hoc analyses of separate statements from each interviewee" (Babbie and Mouton 2001:293). Secondly, the type of the research being exploratory qualitative case study, the objective of the discussions was to gain understanding about content and process – which focus group discussion is good at (Bernard 2000:210) – rather than to achieve generalization of the conclusions reached. Such design type is "much less structured and include[s] fewer formal measures of control. [E]mphasis is on rapport, trust, and participation as measures of avoiding error and establishing validity in research." (Babbie and Mouton 1998:77)

Establishing rapport and trust was not difficult given the position that the author occupied at the time the focus group discussions were conducted[19]. It was the time where the Ministry of Trade and Industry, also in charge of cooperatives, had been holding on-site planning sessions aimed at linking farmers to potential buyers of the harvest of the previous season. Because of

---

[19]Then as Minister of Trade and Industry.

those planning sessions which the author chaired a couple of times, good rapport was established directly with farmer cooperative leaders and indirectly with the farmers members of those cooperatives. The three focus group discussions that were organized short after were rather considered as an opportunity to improve the system (despite the fact that it was disclosed to participants that they were for research purposes). This general environment helped to contain intimidation on the part of participants.

Finally, pattern-matching technique was used to analyze the collected data, whereby different aspects of the connectedness model served to organize and interpret the story out of the data gathered.

Structure of the Thesis

The thesis is organized around four chapters. Chapter one explores the persistent phenomenon of policy failure both from the theoretical and practical perspectives. The chapter opens with a review of what the literature says about policy failure. Two perspectives are retained, namely the design phase of the policy and the implementation process. The chapter continues with an overview of the performance of the poverty reduction strategies, which are the latest development policy model recommended by Breton Wood Institutions. Statistics attest to the fact that many countries missed the targets set under poverty reduction strategies.

The study seeks to know why. It does so by looking at the approach followed during the preparation, implementation, and the monitoring and evaluation stages of the strategy. Shortcomings are then identified as to the content of participation, which is found to be closer to consultation of beneficiaries rather than meaningful engagement of private actors throughout the implementation phase. Another weakness pointed at is at the level of monitoring and evaluation, terms that are more used in speech than in practice. The third breakdown identified is the absence of purposive focus on the role of the market and the interplay between the market and government activity. The chapter concludes by a presentation of three success stories, namely China, South Korea and Mauritius, countries that have succeeded to have the state and market interact in a creative rather than destructive way with a focus on appropriate institutional mechanisms to support that interplay.

Chapter two covers the methodological foundations of such potentially successful policy-making approach. Different methodologies and theoretical models of social sciences are confronted on the basis of their merits and shortcomings. Critical theory assorted with themes such as trust and behavior that are critical to change management emerges as the most recommendable yet improvable model.

The enhancements to the critical theory model are defined in the connectedness model which is the subject of Chapter three. The framework brings together theoretical insights, methodological conditions and stylized facts to define a policy-making process that is likely to generate maximum outcome on the ground. Features of interaction leading to success are described under each of the eight connections, namely the inner connection, the private actor-politician connection, the politician-policy expert connection, the policy expert-social change manager connection, the social change manager-private actor connection, the private actor-policy expert connection, the politician-social change manager connection and the consensus circle. The chapter ends by a presentation of the critical conditions that must be fulfilled for the connectedness model to deliver its full potential.

Chapter four presents the Rwandan case study– economic performance in general and agriculture transformation including land use consolidation in particular – viewed through the lenses of the connectedness model.

The study ends with a conclusion summarizing the findings, highlighting their implications on theory, methodology and policy practice, and opening the gate to further research.

Chapter one

Policy failure: theory and practice

Over the years, a number of policy prescriptions have been tried in developing countries, most of the time in a fashion-like pattern. With a few exceptions, though, many of those countries are still faced with high levels of poverty, large deficits in their trade balance and their government budgets, unemployment, and low growth rates of production and productivity overall.

Take the example of the least developed countries (LDCs). These are countries that have a low income per capita (less than USD 1,086), perform poorly on human capital indicators (health, education, nutrition, etc.), and remain vulnerable economically either because of structural problems in the agriculture and trade sectors or because of some kind of exogenous shock. Since this category of countries was first described in the late 1960s, graduation has been problematic (United Nations 2011a: 16). Only three countries were reported to have graduated out of this category to the next, which is developing countries, as of 2011 (year of graduation shown in parentheses). These are Botswana (1994), Cape Verde (2007) and Maldives (2011).

Has the issue been one of lack of a working theory to back such prescriptions, or are the reasons to be found elsewhere? What does the literature say about the reasons behind policy failure? What are the characterizing features associated with the few success stories and what are the lessons learned? This chapter sets to provide answers to the above questions, both through a review of relevant empirical experience and through the views of scholars that have studied the phenomenon.

Section one reviews the literature whereby scholars discuss policy failure and recipes for success. In so doing, distinction is made between design on the one hand and implementation on the other.

Section two presents a review of the latest development policy model, the Poverty Reduction Strategy Programme, assesses its performance and draws some policy implications as to the "how" of the development policy conduct.

Section 3 explores a few case studies recognized as successful in conducting development policy. Countries looked at such as South Korea, China, and Mauritius managed to perform profound transformations in just a generation (Yifu Lin 2011:22). The section helps understand the mistakes that need to be avoided and the best practices – or best fits, the term coined by Nallari (2011:7) using Brian Levy's analysis (Levy 2011:60) – that ought to be emulated.

The chapter concludes by pointing at breakdowns of a universal nature (one may refer to them as stylized facts) calling for new methodology and approach in policymaking.

Explaining Policy Failure

Literature on development policy distinguishes the formulation/design and the implementation phases of a policy, not because the dichotomy would hold in practice, but mainly for analysis purposes (Anderson 1979). The policy formulation stage is a highly political process involving analysis, setting objectives and targets, and making hard choices while balancing interests of different constituent groups in the population. The implementation phase is no less a complex process. It involves action taken by different agents and institutions in both central and local government, the courts, the private sector, pressure / advisory groups, and community organizations as well (Anderson 1979:93-7, Turner and Hulme 1997:13).

The Design Problem

Mitnick and Backoff (1984:6) identify three factors that will determine the quality of design of a policy. Firstly, they mention the tractability of the problem. This refers to the technical difficulty of the issue, or to the extent of behaviour change required, for instance. In second position come statutory variables. Such variables include clear objectives and adequate theory. In the third position come non-statutory variables such as public support, commitment and leadership skills. Although these factors are agreeable, it is being argued that theory (which belongs to category two) and analytical difficulties (from category one) are more relevant for the purpose of this thesis. Timing and sequencing, as well as monitoring (enabling adaptive design) are added as critical factors for the design process.

Firstly, let us consider **theory**. A point of concern has been that in most cases where development models have been implemented with little success, those theoretical models were rather imported, and applied wholesale in what is usually termed “one-size-fits-all” fashion (Martinussen1997:334). Elaborating on the particular case of development planning in the Third World, Martinussen (1997:230) argues that development planning “has been aimed predominantly at economic conditions in a rather narrow sense (…) [such as] production, incomes and standards of living, whereas the preconditions for production and growth in the wider sense have been excluded [such as] prevailing attitudes towards life and work (…), political and cultural institutions”.

The importance of preconditions to change was earlier on emphasized by Lewis (1968:38) as he said: “Since the planners do not control the farmers or the businesses, they cannot plan the rate of growth. If the farmers and businessmen find conditions favourable to growth, the economy will go ahead rapidly whether or not the government publishes a Development Plan

(…). A plan that does not create conditions favourable for growth is irrelevant to growth (…)".

The second element related to the theory problem is the issue of **inadequate data and weak analytical capacity.** This issue translates into the failure to capture the complexity and dynamic nature of the economy (Todaro 1989, Turner and Hulme 1997). It is not always easy to model the transmission mechanism of a policy measure. Eggertsson (1990) and Muscatelli (1996) identify two reasons for that. On the one hand, there is lack of understanding of the subjects. On the other hand, there is a complication born out of the unpredictability of economic behaviour of those economic agents.

New Institutional Economists (NIE) focus their attention on behavioural issues, and explain policy success or failure basing on the effectiveness of contractual arrangements that policy makers put in place to align the cooperation from involved parties (Eggertsson 1990:53-8). NIE also prescribe careful design of institutions since these are susceptible to react to incentives "for the efficient pursuit of economic policy" (Muscatelli 1996:2:12-3).

Todaro (1997:19) puts an emphasis on the fact that a policy ought to be sensitive to existing dynamics in society in order to succeed. He argues that development policies fail "because economists and other policy advisers neglect (…) to view the economy as an interdependent social system in which economic and noneconomic forces are continually interacting in ways that are at times self-reinforcing and at times contradictory".

Stiglitz (Martinussen 1997:252) supports the same argument and highlights that policy makers need to understand how the market and other forms of exchange function before they make any intervention. There is no guarantee that a market failure is resolved by government interfering anyhow. Prior investigation should first be done, to understand what kinds of processes are at work, and what the best ways to change the course of action in order to achieve the set goals are.

One of the results of the investigation mentioned above is a hint as to **the timing and sequencing of the policy,** which is the third element to be mentioned. Failure to time properly and/or poor sequencing often lead to disappointing results. Supporting this point are Falvey and Kim (1992) who give an account of sequencing and timing issues regarding trade policy reform. Failure in getting the timing right results in huge costs which materialize in the form of missed opportunities. In practice, problems occur when there are delays in recognizing the emergence of problem, delays in getting organized at the right time and sequence, or variation in the timing of private actors thus creating huge uncertainties (Hogwood and Peters 1985:163-4).

Last but not least is **monitoring**. A policy is designed and redesigned throughout its implementation. This is so because of the dynamic nature and the complexity of the system within which a policy is being implemented. That iterative activity is made possible through monitoring. Initial policy design will never be complete until monitoring is captured in details to think through how monitoring will be organized to know what is working and what is not, what adjustments to be done and when, who is to play which role, etc. It is argued by this study that monitoring is an aspect of the design phase simply because (i) itself has to be designed before implementation starts and (ii) the results of the monitoring activity serve to fine-tune previous designs in the iterative process design-implementation-redesign etc. On this point, conventional literature and practice are challenged.

The Implementation Problem

Under this heading, focus is put on factors that can cause a well-designed policy to fail in delivering its promises. The literature review reveals a number of factors which, for the purpose of presentation, are organized in five categories as follows

Firstly, the study considers **chance factors. I**t is commonly accepted that economic underperformance of many less developed economies is partly explained by unfavorable international trade order, imbalances in globalization, negative spillover effects of crises, historical legacy, colonial heritage, political decisions taken by foreign countries, calamities, etc. (Nsanzabaganwa 2002:35). For example, Collier and Gunning (1999:9) relate the technological innovation gap that some Sub-Saharan African countries are victims of their small size, which the authors argue is the making of colonial powers.

Regarding the second category of issues, namely **failure of development administration**, authors such as Turner and Hulme (1997:13, 39) point at organizational matters such as the bureaucratization and elitist management of development policy as factors affecting even participatory development initiatives. According to the authors, the administration often fails to "scan the environment" of the policy and regularly monitor the changing size, composition and location of populations. Yet this information is vital for policy-makers and administrators in that it enables them to know what services are needed, how fast they should grow, where they should be located and what to expect in the future. Quoting Cooper and Fox, Turner and Hulme equate such failure to lack of *'connectedness in action'*[20] (Turner and Hulme 1997:55).

Other authors evoke principal-agent problems that hinder effectiveness in policy administration. The problem arises when there is asymmetric information that characterizes the relationship between the policy maker and the policy implementer or bureaucracy. Cohen (2001:149-150) links such discretionary behaviour of bureaucracies to a combined effect of:

---

[20] Emphasis supplied.

- the situation of monopoly enjoyed by the bureaucracies due to the specialized nature of each of them;
- the government / the community that are not well informed to question a bureau's behaviour; and
- the fact that the government and the bureaucracy are linked by a contract that is often incomplete and lacking in efficiency incentives (award system).

Therefore, policy failures are linked to incentive failures in a principal-agent setting, incentives that must be created to build adequate knowledge, create a buy-in effect and boost the can-do attitude in policy administrators (Mitnick and Backoff 1984:69-82).

Easterly (2001) looks at another kind of administration failure, namely failure to observe the principles of economics while implementing development solutions. He argues that those solutions which he calls "the panaceas" failed because governments in the Tropics failed to create the right incentives for every stakeholder, from individuals and businesses to government officials and even donors.

Thirdly and to a higher degree of concern, policy shortcomings can come from **state failures** that occur in many ways. One possible avenue is when the state fails to put in place institutions that are capable enough and commensurate to the policy measures so that they keep the policy momentum (Cohen 2001:155, 161). Weak institutions translate in failure to engage in continuous dialogue and internal communication about the strategies, gap between the center and the local communities, incompetence, bureaucratic procedures, resistance to innovation and change, rivalries between planning and finance ministries, etc. (Todaro 1989:528-530).

But the worse scenario is when there is lack of political will and commitment (Todaro 1989). The literature characterizes such cases as soft states, a concept coined by Myrdal, meaning states that are “not capable of implementing policies that go against the interests of the bureaucracies or powerful groups in society” and in which there is “unwillingness among rulers to impose obligations on the governed, and a corresponding unwillingness on their part to obey rules laid down even by democratic procedures” (Martinussen 1997:226).

Fourthly, **market distortions** also can cause policies to fail. There is market failure when the production or exchange of goods and services through a market mechanism is not efficient. Market failure arguments were originally founded on the presence of externalities, positive or negative, and on public-good related issues such as the free rider problem. But the new market failure authors such as Stiglitz, Akerlof, Williamson and David add new ideas such as the efficiency wage, the market for lemons, opportunistic behavior and lock-in, all related to information asymmetries (Cowen and Crampton 2002:2).

There is an interesting debate going on as to the relationship between path dependence, lock-in and market failure. David (1997) develops a detailed critique of Liebowitz and Margolis on how these two professors misapprehended David’s seminal ideas on path dependence thus misleading subsequent works by economists in the process (see Page 2006:88-89 for an eloquent example). Without going into the details of that debate, suffice to say that while Liebowitz and Margolis argue that path dependence condition results in persistent and irremediable inefficiencies in the allocation of the resources, David refutes this automatic link completely. He offers at least three main reasons for this:

- path dependence leading to market failure is a stochastic rather than deterministic phenomenon (1997:15-6);

- the link between the two conditions often occurs when there are certain structural conditions (non-convexities in supply and positive externalities in demand) (1997: 22-3) and these can be removed either by government intervention or market solution geared at improving the sharing of knowledge and information and/or designing appropriate incentives and institutions (1997:35; 41-2);

- Moreover, lock-in situation which is a particular form of path dependence whereby a dynamic economic system enters a trapping region surrounding the stable equilibrium does not mean market failure. In fact, lock-in may occur around a stable equilibrium that happens to be Pareto optimal in the same way it can occur around a sub-optimal point. Even then, lock-in can technically be escaped if agents managed to coordinate their decision to move to a better point (1997:34-5).

Given the above account, at least one thing is sure: there may be cases when an economy is genuinely stuck because there has been simultaneous occurrence of conditions such that a sub-optimal lock-in yields, and there has been lack of appropriate solutions to help the economy restructure in a way that renders escape possible. As David (19997:41-2) leads one to imagine, timing and sequencing of Government intervention regarding a precedent-setting decision that is to be taken in a dynamic market become vulnerable to miscalculations. It is instances such as these that this study is interested in. History matters because economic agents tend often to trust what they know and try what has worked for them in the past, thus missing the opportunities that are offered by innovation, a point supported by Cowen and Crampton (2002:18). Easterly (2001) argues that path dependence can help explain the differences in development experiences of countries.

The famous "supply-side/demand-side constraints" type of arguments also falls under market failure. For instance, it is commonly heard that poor export performance, or the limited benefits that developing countries reap from preferential market access granted by developed countries, are attributed to the fact that the production capacity in developing countries is so limited, or at worse, these countries are faced with logistical and infrastructure issues that make it difficult to get their products to the market.

Another aspect of market failure is the uncertainty that is associated with every policy measure. The uncertainty under consideration here means the likelihood of a policy decision not to be respected or implemented. It is uncertainty in the sense of Day (1983) and Pherigo *et al.* (1999), i.e. unpredictability of outcomes due to high levels of complexity and non-linearity resulting from interactions between individuals, institutions and organizations. Thus, contrarily to what is suggested in Morgan and Henrion[21] (1990:43), the uncertainty referred to is not a mere statistic calculated at a given point in time. Rather, uncertainty is dynamic in nature, and has to be consistently managed so as to narrow the gap between policy scores and policy objectives over a given period of time.

Uncertainty of reform is due to the credibility of policymakers, but also, to the unknown effect of the reform on the structure of the economy thus calling for expectations of economic agents. "Reform typically implies an alteration of the underlying parameters of the economy. These changes typically occur over time and their precise magnitudes are not immediately

[21]Morgan and Henrion (1990) attempted to develop a methodology to measure the amount of uncertainty attached to a policy action so as to enable the policy analyst to communicate limitations and implications of his work. However, the authors do not undertake to make proposals of how the measured uncertainty can be managed or controlled.

perceived; in the interim, agents must base their decisions on their expectations about their impact" (Agenor and Montiel 1999:770).

In economic policy literature, the concern of uncertainty stems from imperfect information and positive transaction costs, for which the principal agent theory[22] and the property rights model[23] provide a useful analytical framework (Cohen 2001:45-68). Particularly, New Institutional Economics approach (NIE) "is concerned with the ways in which uncertainty about qualitative dimensions of goods and, more generally, about the behavior of agents affects the organization of production and exchange" (Eggertsson 1990:26)

A new policy that comes into force affects the structure of property rights of individuals, and the change involves losers and winners (Eggertsson 1990:40). The winners are those whose asset value increased while losers are those whose asset value is negatively affected by the policy. Take the example of a new policy redefining the permissible uses of land with some elements of property rights attenuation such as the ban to construct houses in protected fragile ecosystems. Owners of plots that are located in such zones will be "losers" as those plots become less attractive and their market value gets reduced. But on the other hand, potential buyers of plots will be the "winners" as the new land policy protects them from eventual disasters such as floods.

[22] A principal delegates some rights to an agent in the form of a formal or informal contract. But because of incomplete or asymmetrical information facing the principal, the agent acts contrary to the best interest of the principal (Cohen 2001:55), i.e. "engage in *shirking* or *opportunistic behaviour*" (Eggertsson 1990:41)

[23] The model assumes that individuals maximize the value of their rights (legitimate or illegitimate) defined as their powers to consume, obtain income from and alienate assets, including a range of permissible behavior or social rules (Cohen 2001:54-5, Eggertsson 1990:34-5). According to the model, uncertainty about attributes of goods and behaviour of agents is explained by the fact that transaction costs are different from zero (information gathering or delineation of assets, bargaining, contracts making and monitoring, property rights enforcement and protection from third party's encroachment, etc. (Eggertsson 1990:15).

As illustrated by the above example, changing the structure of property rights can have mixed spillover effects on the performance of an entire economic system. The response of the market (in other words, the response of the private sector) may be diverse, depending on the structure of institutions (contracts), the transaction costs of enforcement, coping mechanisms for the "losers" (including alternatives offered to them), etc.

This brings us to the last item on our list of factors undermining effective implementation of development policies, namely, **compliance of targeted groups**. The failure of development policy in many instances is either explained by too much of a faulty market or too inefficient state interventions. However, there is always a hidden force behind each of the sides of the dichotomy (i.e. market versus the state). Both institutions depend on the relationships of individuals that operate in them. Cohen puts it in the following words:

> Good or bad performance of the market and state in a specific country depends on the behavioural rules which guide interactions among members of the population of that country and determine its social order (…). Behavioural rules, also known as social institutions, or more generally the social order, are formed in the process of *interdependent behavior*[24] between individuals in many behavioural settings, including homes, schools, businesses, governments, and the like. If the behavioural rules are of the cooperative type, the likelihood of market imperfections and failures, and public interventions and failures, are reduced. Contrary to the predictions of the neo-classical model (static, assuming full information and atomicity of individual agents), when rational individuals in a dynamic world are mutually interdependent in their decision-making they find cooperation a sustainable strategy (Romp 1997:1-4). Cohen (2001:163) observes that non-cooperative behaviour places a heavy burden on the market and the state in achieving social efficiency.

[24] Emphasis from source.

Such hidden force is so strong that even consultation and participation of beneficiaries in policy-making processes do not guarantee policy success. There are at least three reasons for this (Cohen:2001:106; Mitnick and Backoff 1984:59):

- private agents may not have enough knowledge and understanding of the situation the policy sets to address ;
- they may have incentive to misrepresent their preferences or technologies;
- their behavioural patterns, which are interdependent and interactive, may change in the process. Therefore, given the complexity of the network or system in which people operate, the actions of even obedient agents can produce unforeseen, and at times, undesired outcomes

The principal-agent theory and the property rights model once again provide fit theoretical frameworks to the issue of cooperation and partnership in achieving successful implementation of development policies. The two sets of frameworks focus on extra-economic[25] variables such as social norms, cultural values, trust, emotions, etc. Eggerstsson (1990:35) argues that "The cost of enforcing exclusive rights is reduced when the public generally entertains norms that coincide with the basic structure of rights that the state seeks to uphold. The disintegration of social norms can have important economic consequences".

[25]The term is borrowed from Cohen's classification of postulates underlying mechanisms of interdependent behaviour. Conscious extra-economic behaviour supposes rational self-denial and adherence to ethical values. The Frank's moral sentiments and commitment model and the Goodin's moral character building model (Cohen 2001:164-172) are categorized under this stream.

This section looked at how theorists and researchers account for policy failure. Ideas learnt suggest that for a policy to be successful it has first and foremost to be well designed to fulfill the relevance and timeliness requirements. However, well-designed policies may still fail on the ground. Some of the mechanisms through which this can be made possible were presented. They involve issues with the players, the context and the process. Players are interdependent yet face differences in information. The context is conditioned by the interplay between state interventions, market forces, and institutions (organizational, cultural, values, incentives, etc.). The process naturally introduces dynamic features.

This means that policy-making is a complex and adaptive activity. Therefore, policy- makers ought to pay attention to both the content of the policy and the process leading to its implementation. Knowing where government should intervene, when and how, is context- and time-specific, therefore cannot be predicted beforehand. What a country will experience in economic performance is a result of the response mix that decision makers in public and private domains will give to the issues as they arise.

Poverty Reduction Strategy Paper Model: Tested but not Trusted?

The just concluded section presented arguments in support of the fact that a policy can yield limited results irrespective of it being well designed or not. An empirical case of poverty reduction strategies is analyzed to further the point. Poverty reduction strategy papers (PRSPs) are the latest development assistance framework introduced by the World Bank and International Monetary Fund in 1999. A poverty reduction strategy paper presents in a coherent body the country's macroeconomic, structural, and social policies and programs aimed at rapid economic growth and poverty reduction (World Bank 2011). In intention, design and process, the poverty reduction strategy model is a response to the criticism put on structural adjustment programme model that at best failed to lift poor countries from their status.

Although poverty reduction strategy papers were technically born in 1999, they have their political roots in the Ten Commitments of the 1995 World Summit for Social Development that convened in Copenhagen (United Nations 2000b). At the Summit global leaders concerned with the social costs of globalization committed among others to:

- Eradicate absolute poverty by a target date to be set by each country (Commitment 2);
- Accelerate the development of Africa and Least Developed Countries (Commitment 7)
- Ensure that structural adjustment programmes include social development goals (Commitment 8).

In the statement of Commitment 8 specifically, the global leaders recognized the merits of structural adjustment programmes but also acknowledged the negative impact these programmes have had on countries. In line with this, they tasked the Bretton Wood Institutions among other international organizations to be involved in the assessment of the old-version structural adjustment programmes on social development and to come up with new designs encompassing social development goals (United Nations 2000b).

The global leaders set not only the targets, but also prescribed a methodology. There was general consensus that people living in poverty were to be involved fully in the setting of targets, the design, the implementation, the monitoring and assessment of the poverty reduction plans so that their priorities are taken into account in poverty reduction strategy papers. “Empowerment requires the full participation of people in the formulation, implementation and evaluation of decisions determining the functioning and well-being of our societies” (United Nations 2000a), stressed the Summit.

The poverty reduction strategy model is gaining wide ground. According to World Bank (2011), in 2011 at least 30 low-income countries had embarked on full PRSPs while more than 40 had initiated the process at the interim level. However, there were still doubts whether the model would be any better than structural adjustment programmes (Ambrose 2000).

How did poverty reduction strategies perform ever since? What are the key lessons to be drawn from the model design and implementation so far? The answer is provided in the following two sub-sections, each devoted to quantitative and qualitative considerations respectively.

Facts and Figures

Firstly, let us look at the numbers. When the Copenhagen World Summit for Social Development made a call for new development models conscious of social development goals in 1995, at, more than 1 billion people were living under extreme poverty as measured by lack of income and productive resources, hunger, malnutrition, ill health, limited access to education and other basic needs, increased morbidity and mortality, homelessness and inadequate housing, unsafe environments, social discrimination and exclusion, and lack of participation in decision making. 93% of those living under extreme poverty were from East Asia, South Asia, and Sub-Saharan Africa (Sachs 2005:21).

Five years after Copenhagen, the same world leaders reconvened in 2000, this time in Geneva, and proclaimed the Millennium Development Goals (MDGs), which were even more ambitious than the previous targets (the Ten Commitments) (United Nations 2007).

According to a UN report (United Nations 2007:4-6), the midterm assessment, ten years after the Ten Commitments, and five years after the Millennium Declaration, shows disappointing results for the Sub-Saharan Africa region where poverty levels fell only by nearly six percentage points only from 46.8% in 1990 to 41.1% in 2004. The picture was even worse for the extreme poverty measure, which had leveled off between the two dates.

Numbers were more worrisome when countries were taken individually. For instance, in South Africa in 2005 extreme poverty levels were the same as baseline, around 10.7%. Modest improvements were registered for the Latin America and Caribbean region, where the poverty levels were reduced from 10.3% to 8.7% between 1990 and 2004. Countries like Venezuela were still struggling with their poverty and employment targets unmet.

The 2007 UN report highlighted that unemployment, especially job opportunities for the youth, water scarcity, and growing unplanned urbanization remained the key challenges facing almost all the regions. Overall, at the mid-term review, it was less certain that anti-poverty programmes would assist in achieving the goal of halving poverty by 2015 for many developing countries.

The picture seemed to have improved according to the calculations done in 2011, four years to the end date, as it was projected that global poverty level would drop to 15% against the targeted 23% by 2015. According to the IMF and the World Bank, “two-thirds of developing countries [were] on track or close to meeting key targets for tackling extreme poverty and hunger” (The World Bank Group 2011).

However, this average hid huge disparities, with only Eastern Asia (mainly driven by China) and South-Eastern Asia surpassed the 2015 target by reducing their poverty levels between 1990 and 2005 from 60% to 16% and from 39%to 19% respectively, whereas all other regions' performance was clearly off track (United Nations 2011b:4, 6). Sub-Saharan Africa was lagging behind on most of the indicators.

During its first generation poverty reduction strategy period, Rwanda managed to cut only 2.2 percentage points from its 58.9% poverty level in 2000 to 56.7% in 2005[26]. A second generation strategy called Economic Development and Poverty Reduction Strategy (EDPRS) (2008-2012), was designed with in mind the aim to accelerate poverty reduction and spur economic growth by correcting some of the shortcomings identified with the first-generation poverty reduction strategy as will be seen in chapter four. The above account of facts indicates that the poverty reduction strategy model has had mixed results, with a fairly large proportion of economies still struggling to forge significant head way. Again, this prompts one to wonder what went wrong for these economies, and whether there is a leaf to borrow from those few champions that managed to have their status improved over the last years.

The Approach

The second way of looking at the model is to assess how its methodological stance would have helped countries to perform better than they did with alternative models such as the structural adjustment programmes, for instance.

---

[26]Sources: Rwanda Economic Development and Poverty Reduction Strategy, EDPRS; **http://uk.oneworld.net/guides/mdgs/progress?gclid=CNf5g6CH55QCFQLoIA**

According to International Monetary Fund (2012), "Poverty Reduction Strategy Papers (PRSP) are prepared by the member countries through a participatory process involving domestic stakeholders as well as […] development partners, including the World Bank and International Monetary Fund. Updated every three years with annual progress reports, PRSPs describe the country's macroeconomic, structural and social policies and programs over a three-year or longer horizon to promote broad-based growth and reduce poverty, as well as associated […] financing needs and major sources of financing".

The process of elaborating and implementing a poverty reduction strategy observes key principles including promoting national ownership (participation of civil society), focusing on well-defined outcomes targeting the poor people in the long run, tackling multidimensional aspects of poverty, and involving coordinated effort of all stakeholders (International Monetary Fund 2011).

An assessment of first-generation Poverty Reduction Strategies in Sub-Saharan Africa conducted by OSSREA (2005) produced some evidence that the level of ownership by the beneficiaries (private agents) was left to be desired in most first generation poverty reduction strategies in Africa. This was the case both in terms of the elaboration and implementation phases[27]. Consultations took place, expressed needs were taken into account, but all was done within a context whereby the government (and may be some partners in the donor and civil society) was seen as the main provider of the solution. Little attention, if any, was put on change management in a mutually binding contract between the state and its citizens.

---

[27] A workshop organized by OSSREA under the sponsorship of the African Development Bank, to present the research results on "The Assessment of Poverty Reduction Strategies in Sub-Saharan Africa: The cases of Ethiopia, Kenya, Malawi, Rwanda, Uganda and Zambia". The event took place in Nairobi in February 2006..

Ownership crisis was also identified at the macro level, in that a poverty reduction strategy was supply-driven, i.e. a government was feeling compelled to initiate the process of having one in place to demonstrate its willingness to reform in order to qualify for debt cancellation or concessional lending, for instance. Despite the fact that many governments had the will to pull the country's citizens out of poverty, there were ample cases whereby countries lacked the necessary capacity and resources (in terms of time, financial, and human resources) to plan properly and engage in wide consultations. In other instances, international financial institutions continued to influence the outcome of the poverty reduction strategy paper preparation process (Nwonwu 2008b:23)

Who to consult was also an issue. One of the underlying principles of poverty reduction strategy papers hints at consultation with a wide network of civil society. In many instances, there was an overly focus on social players such as lobby groups, non-government organizations (NGOs) and faith-based organizations to the disadvantage of enterprising productive entities of the society. The result was that the role that the market had to play was not fairly captured in the outlined strategies. Instead, the output was a package of pro-poor activities and programmes that the state had to implement for the beneficiaries in a given time period.

The cost of downplaying the market forces was enormous. It came in the form of missed opportunities for growth creation that was vital to sustain the provision of social services. It also manifested itself in the weaknesses registered in change management.

Generally, the practice of poverty reduction strategy papers posed a challenge of balancing the sectors on the one hand, and reconciling programmes that had a direct (short-term) and indirect (long-term) impact on the poor on the other hand. For example, education and health could be easily elaborated and attract development partners[28] support more than trade could do. Similarly linking tertiary education to poverty reduction was not as straightforward as was the case with primary education. Countries often had to face adverse selection against high-growth, long-term programmes such as investments in human capital, and soft and physical infrastructure that were not perceived as pro-poor by some donors.

In order to protect and enforce the founding principles of the poverty reduction strategy model, the Paris Declaration on Aid Effectiveness (OECD 2005) and the Accra Agenda for Action (OECD 2008) sets of commitments[29] were developed. In subscribing to these commitments, the Ministers responsible for development in both the developed and developing worlds confirmed the need to have a better-structured, easily manageable donor-recipient relationship. The framework was evaluated from time to time, which revealed that the quality of the relationship could be further improved.

The question worth being asked in relation to the broad-based participatory poverty reduction strategy papers prescribed by the Bretton Woods Institutions, is: Are poverty reduction strategy papers more effective compared to structural adjustment programmes?

---

[28]Term used here to designate the donor community

[29]The Paris Declaration on Aid Effectiveness sets five principles to govern relations between developing and developed countries to be: ownership (supported countries are in the driving seat), harmonization (of donors actions), alignment (of donors actions to developing countries' priorities and systems), results, and mutual accountability (both donor and recipient countries are accountable for the results). The Ministers responsible for development and finance in both donor and recipient countries came up with the Accra plan of action in 2008 to respond to the general need to accelerate the implementation of the Paris Declaration.

Positions differ on this issue. According to the World Bank and the IMF, and in line with the Ten Commitments (Copenhagen), poverty reduction strategy papers are truly improved versions of SAPs, in that they include socio-development goals and take into account the human development factor and poverty reduction at the center stage (International Monetary Fund 2000). Nwonwu (2008c:23) lists five reasons why PRSP are superior, namely:

- A poverty reduction strategy paper is country-specific as opposed to the one-size-fits-all criticism about Structural Adjustment Programmes;
- By focusing on poverty reduction and a participatory process to development, the poverty reduction strategy paper model introduces corrections to the structural adjustment programme model that focused on growth without looking at its redistribution;
- The poverty reduction strategy model is better linked to national decision making process and therefore, easily owned by the country;
- The poverty reduction strategy model inspires confidence and attracts increased donor support;
- Poverty reduction strategy papers offer a better coverage of the Millennium Development Goals that are addressing the issue of poverty in a systematic manner.

However, some authors argue that the difference between the structural adjustment programme and the poverty reduction strategy paper models is very thin, and even of a rhetoric or cosmetic nature – like when concepts such as participation, ownership of developing countries are evoked, to convince people that the Bretton Wood Institutions have changed their way of conducting business with developing countries (Ambrose 2000). The United Nations committee on trade and development (UNCTAD) argues that as long as poverty reduction strategy paper model is founded on the same theory recipe as the structural adjustment programme framework, namely, growth, liberalization and rapid integration, and as long as the former does not look at issues such as investments, productivity, job creation and competitiveness, then it is not fundamentally different from the latter (Nwonwu 2008c:23-4) .

The two schools of thought look at both models from their theoretical angle, but the evidence hints at the poverty reduction strategy paper model not being significantly superior in practical terms. While the design of either reference document poses some methodological issues, the implementation part did not form the object of the debate. Yet, as the saying goes, “the devil is always in the detail”, i.e. the question is how things do happen on the ground. The structural adjustment programme model was designed to correct fiscal imbalances and tackle economic growth through a market mechanism. It came in essence as an alternative to the import-substitution industrialization model that developing countries had struggled with in the years 1960s and 1970s without much success.

Contrary to the import-substitution industrialization model that was an inward-looking, state-led programme, the structural adjustment programme recommended developing countries to open up, deregulate, privatize, roll back state intervention including in health and education, liberalize trade by concentrating on their comparative advantages, namely the exportation of raw materials. The Berg Report which recommended structural adjustment programmes suggested that open policies would end poverty affecting people in developing countries (Net Industries 2012). Unfortunately, that promise did not materialize. Instead, deregulation and a minimum state deprived the economy of useful ingredients in the creation of strong institutions capable of supporting the creative and enterprising spirit of the private sector (Nwonwu 2008b).

In his introductory chapter to a publication he edited on the Millennium Development Goals achievements and prospects for Africa, Nwonwu (2008b:2) refers to Structural Adjustment Programme as "one of such misguided and misdirected ideas that left Africa and other developing countries more impoverished as they were before".

Does this mean that poverty reduction strategy papers involved too much state intervention that crowded out the enterprising culture or at least prompted moral hazard in economic agents? Is the issue one of right-sizing the state and/or the market?

The experience shows that models that focused on economic growth irrespective of whether it was through a market mechanism (such as the structural adjustment programmes) or state intervention (such as rational planning models) did not guarantee success. Indeed, despite the implementation of rigorous plans, by the late 1960s, there was still endemic poverty, fiscal imbalances in terms of indebtedness, and economic stagnation (Turner and Hulme 1997:6). Many planning policies in fact unwittingly contributed to the perpetuation of the very problems they sought to resolve, namely poverty, inequality, and unemployment. The reasons behind such poor performance included lack of capacity to coordinate and monitor the implementation of overambitious, complex and less flexible plans, lack of political will, and unanticipated economic disturbances (Todaro 1989:528-530).

Similarly, models that focused solely on improving social and living conditions of the citizens irrespective of them being of liberal obedience such as poverty reduction strategy papers or being purely socialist in nature had to face the daunting issue of sustainability (Nallari 2011:4).

Thus, the issue was not the size of the state or that of the market. Instead, **how** the state and the market interacted in a creative rather than destructive manner and **the institutional mechanisms** put in place to support such mutual re-enforcement played a determinant role. Some countries have managed to perform that balancing act better than others. The next section reviews three such case studies.

What to Learn from Champions in Growth and Poverty Reduction

This chapter has so far concerned itself with incidences of policy failures, which were proved to be many. However, signs of hope do exist as is exemplified by countries such as South Korea, China and Mauritius. Each of these three countries is being showcased for a given characteristic in which the country excels. Thus, South Korea is presented as a symbol of State pragmatism. It also demonstrates the importance of leveraging cultural values to achieve the buy-in of private agents. China offers a good example of a country that so effectively instilled market principles in the functioning of the state, be it in the organization of the production, the reward and compensation mechanism or the handling of principal-agent issues. Mauritius testifies to the fact that putting private actors at the centre stage of development pays off.

South Korea, Pragmatism and Enhancement of Agents' Spirit

In the years 1960s, South Korea was in a comparable, if not worse situation, than many African countries at their independence. As a member of the G20 today, the country is much ahead as visualized in Table 1.

As shown in Table 1, South Korea's per capita income in 2006 was more than a hundred times its level in 1960 while Egypt which was comparable in 1960 only saw a ten-fold increase in per capita income. Worse further, The Democratic Republic of Congo, which outperformed South Korea in 1960, saw its per capita income almost reduced by half in 2006.

Table 1: Comparison of South Korea and some of the African countries in 1960 and 2006

	Situation in 1960		Situation in 2006	
Country	Nominal GDP (Billion of USD)	GDP per capita (USD)	Nominal GDP (Billion of USD)	GDP per capita (USD)
South Korea	3.9	155.67	888.02	18340.76
South Africa	7.3	422.06	254.99	5380.6
Nigeria	4.2	99.07	114.69	792.31
Egypt	4.1	148.86	107.48	1425.58
Cameroon	3.4	116.7	18.3	1098.17
DRC	3.4	221.82	8.54	143.98
Uganda	0.4	63.91	9.32	312.04
Kenya	0.8	97.51	21.19	602.85

Source: Nation Master updates (**www.nationmaster.com**)

A closer look at the developmental experience of that country reveals that South Korea, like many other less developed countries, tried all the developmental models. Probably, a few features distinguished the country from many: the timeliness and the high level of adaptability with which policy makers managed to shift policy focus to suit changing environments (Kim 2008:15-39).

President Park ran a developmental state privileging the top-down, authoritarian policy-making style. The policy stance was in favor of an open economy, direct support to exporters, and the creation of powerful parastatals to provide strategic goods and services.

Under President Park again, a strong Saemaul Movement was popularized. The philosophy behind the Saemaul movement tallied with the idea that successful implementation of a policy required accompanying measures in terms of change management. The aim of the movement was to "reform the farmers way of thinking and living, through their own *enlightenment*[30] and by enhancing their *spirits*[31] of self-help and cooperation, but also a massive investment program for the expansion of rural infrastructure and the increased income of farm households" (Choi and Chung 2006:13).

Two important premises are underscored here: enlightenment and the enhancement of the spirit. Enlightenment can be viewed as a process through which the farmer was taken to fulfill his or her auto-realization. It supposed a state of affairs whereby the farmer's conscience was touched, so he or she could control his or her decisions and assume the responsibility thereof. In other words, enlightenment supported the formation of the homo-economicus, rational, person in an individual.

South Koreans, like many in the Eastern world, appreciated the fact that a human being's actions were not solely directed by the mind. The spiritual strength was an asset to be harnessed in order to perform tough activities. People needed to mobilize the inner force in them and align their emotions, will and determination to collectively bring the reasonable decisions they take to fruition.

However, the top-down approach that persisted and culminated in increasing authoritarian and bureaucratic ways of implementing the programme compromised the sustainability of the effort (Kim 2006:13). For instance, vested interest groups resisted the devaluation of the

[30] Emphasis from source.
[31] Emphasis supplied.

currency, regulation and supervision of the financial system when the economy needed it to sustain export performance (Kim 2008:29-30).

The Chun Doo-hwan regime (1980s and 1990s) quickly introduced liberalization and stabilization in the economy, with positive discrimination as a flagship: i.e. positive discrimination for the most successful exporters – higher incentives, and self-reliant or developed villages – higher assistance (Kim 2006:24-5); from government-led discrimination to government-led egalitarianism during the 1980s and 1990s.

Four major lessons can be learned from the South Korean case study. Firstly, pragmatism: the country succeeded in escaping the intellectual debate trap by implementing whatever bits of development models that were working for them and dropping those that stopped from working without fear of lack of conformism. Using the words of Yang Yao (2011:30), South Korea implemented the golden principle of "a volitional pragmatism featuring constant experimentation with a defined objective to improve on the status quo". The government embraced unconventional solutions and approaches that were deep rooted in their culture.

The second lesson is the ability of policy makers to focus on the local content of the policy including the alignment of a vibrant private sector. The development of a strong indigenous private sector, working in partnership with government, made it possible for most of the critical investments to be undertaken despite a high level of risk involved. The spirit of South Koreans were captured and directed to ideals such as self-reliance and the can-do attitude.

The third lesson is the necessity of a strong leadership focused on development. The developmental state is always in charge of the policy and direction. It only involves the private sector to contribute to that policy, buy into it, and work willingly to implement it. The developmental state puts in place the right incentives at the right moment to instill convergence of interests.

The last but not least lesson is the right attitude and supporting social institutions. It is very important not to neglect non-economic variables while designing or implementing development policy. After all, the policy falls under the social domain, whereby interactions of people and their different behaviors create much uncertainty about policy outcomes. Institutions serve as moral code and help in convincing different agents to behave more cooperatively and altruistically.

China and the Mainstreaming of Market Principles in Government Intervention

As Assistant Minister of Foreign Affairs Liu Jieyi prefacing *China's Progress Towards the Millennium Development Goals 2008 Report* put it, "China has ahead of schedule met the MDG targets of halving the impoverished population and providing universal primary education, and has made fairly fast progress in other areas such as health and gender equality. China will very likely achieve all MDGs by 2015". The country's quick transformation was achieved with the help of a combination of socialist and open market policies that have earned the country the title of the first economy to achieve and far surpass the Millennium Goal number one of eradicating extreme poverty and hunger ahead of time (rural poverty dropped from 46% in 1990 to 10.4% in 2005) (Ministry of Foreign Affairs of the Republic of China and United Nations System in China 2008:17; United Nation 2011b:4,6). Such strong government intervention is commonly known as the Beijing Consensus (Yang Yao 2011:28).

The China MDG 2008 Report and Yang Yao (2011:28) analysis points at a number of attributes of the country's tremendous progress, including:

- Sustained and rapid economic growth fuelled by agriculture, industrialization, exports, and rapid urbanization.
- Open policy and aggressive integration in the global economy through trade, FDI and overseas investment, and the focus on competitiveness at both firm and country level.
- A people-centered effort aimed at improving the living conditions of the population and the fight against regional and social inequalities.
- A socialist market economy where public ownership cohabits with other liberal forms of ownership in a gradually reforming fashion to fit the prevailing socio-political context and where redistribution is performance based.

China has approached the difficult task of balancing economic and social objectives with a lot of pragmatism coupled with "institutional innovation, equitable and sustainable development, and self-determination" to paraphrase Joshua Ramo's definition of the Beijing Consensus (Yang Yao 2011:28).

Yang Yao (2011:28-30) identifies three lessons developing countries have to learn from the Chinese experience. The first lesson is about prudent institutional reform that caters for different interests of a variety of stakeholders to the reform. Patience, compromises, adaptation, and second-best (or best fit) choices characterize such a realistic reform process.

The second lesson is that attention has to be paid to the motivation of government officials if one needs to deal with the principle-agent problem in the most effective manner. What China is telling the world is that motivation has to follow market principles, namely that (1) incentives have to be put in place for the officials to keep innovating and improving their service delivery, but (2) the provision of the incentive must be tied to performance in order not to create moral hazard in the system.

The third lesson to be borrowed from the Chinese example is that focusing on long-term objectives, Pareto-improving policies, and careful design of compensation mechanisms for the losers increase the buy-in effect of policy stakeholders. It also helps in minimizing conflicts of interests and pressures from privileged groups of the community. Of course, this takes a lot of collective effort and determination to pursue the common goal.

One more lesson can be added to the three highlighted by Yang Yao. And that lesson is about making participation work for the market. Not only has China succeeded in aligning local governments, social agencies and international cooperation to support poverty reduction strategies, but also in getting the business entities to play an important role in redistribution. State-owned companies have supported less privileged regions/counties, while financial institutions have developed new products geared to supporting the poor, the rural women, children and the disabled to increase productivity and to help labor-intensive industries create needed jobs (Ministry of Foreign Affairs of the Republic of China and United Nations System in China 2008:20).

Mauritius and Economic Diversification through Ease of Doing Business

Mauritius is one the Sub-Saharan African countries that have registered sustained economic growth over the recent decades. The Nobel laureate in Economics, Joseph Stiglitz, was impressed by the progress that Mauritius achieved, yet the country had no mineral resources. In his March 2011 commentary about the Mauritius Miracle (Stiglitz 2011), he noted that “the Mauritians have increased per capita income from less than $400 around the time of independence [1968] to more than $6,700 today. The country has progressed from the sugar-based monoculture of 50 years ago to a diversified economy that includes tourism, finance, textiles, and, if current plans bear fruit, advanced technology”. He added that “[m]any countries, not least the United States, could learn from its experience.”

Stiglitz identified a number of lessons to pick from Mauritius, only two are mentioned here. Firstly, the political will to organize society in a more equitable manner. The Mauritian government's efforts to promote social cohesion paid off in terms of stability. These efforts also benefited the country by way of harnessing advantages of diversity. This helped a great deal in facilitating inter-temporal choices of economic agents, notably by offering one of the most securing environments for off-shore investments and domestic businesses.

Secondly, Mauritius valued its people as the main asset it had. That is why the country invested heavily in education, health and the ICT. The country also was recognized for having put in place institutions that promoted cooperation among the workers and their employers as well as those that ensured the protection of property rights. By paying dedicated attention to the Rodrigues Island as one of Mauritius' most challenged regions, the government managed to mobilize that community for action in a struggle to reach the Millennium Development Goals (UNDP 2011).

No wonder why Mauritius is perceived by many as the leading business centre of the Indian Ocean. "Due to its network of double tax treaties with most of the significant economies in its region, and above all with India, Mauritius is often chosen as a base by firms needing to set up an offshore holding or investment company, or trading subsidiary. (…). In December 2010, the total number of Global Business Companies stood at 25,134, including 669 funds" (Lowtax 2012).

Over the past decade, the Mauritian economy had witnessed continuous growth in GDP. In order to sustain this trend, the government of Mauritius tried to diversify an economy that relied heavily on agriculture and manufacturing industries. The Mauritian government promoted offshore activities in a bid to diversify the economy from agriculture and manufacturing. Tourism was also an important sector for the country. The government worked at creating strong institutions (by enacting the laws, setting regulations, creating incentives/advantages and putting in place institutions such as courts and commissions) to support the development of offshore businesses as well as promote domestic investments[32]. Advantages could range from tax cuts to privacy protection through zero or minimum accounting and reporting requirements.

Mauritius had one of the most competitive doing business environments in 2011. Mauritius was leading African countries by a big margin as it ranked 23rd in 183 economies according to the World Bank Doing Business 2012 Report. It was followed by South Africa that ranked 35th and Rwanda 45th (Doing Business 2011).

Partial Conclusion: The Missing Link

Clearly, the development policy experience in many developing countries is one of a series of failures, with very few exceptions. For the less successful countries in most cases, policies were framed by alternative theories imposed from the outside, with direct or indirect external control, including from the Bretton Wood institutions. Successful countries demonstrated a fairly high degree of autonomy and flexibility, which afforded them to execute best-fit policies without attracting resistance to change while shaping behaviors and attitudes to increase market efficiency.

[32]**http://www.maurinet.com/busoff1.html** visited on 25/7/2011

There is more to the success of development policy than the financial resources and their efficient and equitable allocation. Development policy is concerned with bringing about change, and meaningful change comes from within. Institutional settings that encourage such endogenous drive for change deserve researchers' attention.

The logical implication of the above account of the reasons that set development policies to fail is that, alternatively, the policy maker needs to adopt a more aggressive, proactive and engaging strategy in a bid to build consensus and achieve convergence of individual interests. The policy maker needs to create opportunities for true partnerships to take effect. In his alternative approach to economics, the new structural economics[33], Yifu Lin (2011:23) emphasizes the role that government must play to "initiate or proactively coordinate these changes". These critical factors must be thought through well in advance, and factored-in during the design process, including the monitoring framework.

For in many situations there are tendencies of bureaucratic governance whereby top-down, exclusive and control oriented approaches prevail, with very narrow focus on economic considerations that underpin the rational process of targeted individuals as a basis for decision

[33]The new structural economics approach is founded on three premises, namely that (1) an economy's structure of factor endowments changes as the country develops, (2) whereas all the economies focus on key sectors such as industrial development and infrastructure, the strategies they use and the policy mix have to differ from one development level to the next, (3) government active intervention is a must to supplement the market that is a necessary but not sufficient condition for growth. From this foundation, a six-step process is proposed as follows: (i) identify the industries where the country enjoys advantage of backwardness (i.e. where the country can borrow technology and institutions at no cost from the advanced countries that had to invest a lot in research and development in the past, thus outcompete those countries in the process), (ii) Among those industries, focus on the ones which have attracted domestic private sector by removing any barrier to entry and any obstacle to quality, (iii) incentivize FDI to relocate to tap into the industries where there is still a gap in domestic private sector involvement, or create incubation centers to encourage birth of domestic firms, (iv) identify unique endowments and catch unexpected opportunities as soon as they immerge, (v) create friendly business environments and where necessary, save costs by focusing on special economic zones and industrial clusters for a faster result, and (vi) compensate pioneers by time-bound, performance-based, modest incentives in order to discourage rent-seeking and other counter-productive behaviours in the market.

making and with incapacity to motivate people and mobilize human resources in society (Fay 1975:52, Martinussen 1997:333-4).

Self-determination is of paramount importance, and it has to be translated into strategies and actions that ultimately push saving rates up, increase investments, create a critical mass of domestic private firms/operators, and reduce dependency on foreign capital. Sustainable poverty reduction requires the existence of market opportunities, whether domestic, regional and international, to support productivity enhancing efforts. Factors that constrain development must be kept on a constant check to help the stagnating and lagging sectors catch up by means of stimulation packages (Nwonwu 2008c:33-4), what is termed "**response activation**" in the present research.

By and large, development policymaking is an **art**, and the **process** thereof matters. How policy makers and professional staff can deepen their understanding of the plight facing the target group so they can come up with adequate proposals to the identified problems is of paramount importance (Martinussen 1997:305, Turner and Hulme 1997:115).

But more important still, is the imperative to close the divide between the expressed wishes of the target group and the intended priorities set by the official authorities: The former optimize on the premise of the past and present experience, while the latter propose an ideal, futuristic structural shift that in the eyes of the target group may look too risky to subscribe to. Moreover, neither the expressed needs on the one hand nor the intended priorities on the other, are stable in time, space and scope. Either side, they keep changing. At times, needs compete with each other, or simply, the policy subjects resist change.

Therefore, there is need to pay more attention to the "how" contours of development policy making. Chapter Two will discuss a set of methodologies in social sciences with a view to draw insights that can be utilized to devise an improved policy process.

Chapter Two

Methodological foundations to policy-making process

It was argued in Chapter One that success of a development policy (or failure for that matter) was not invariably determined by the nature of policy prescriptions. Evidence was provided to prove the point, by presenting some case studies where rapid transformation coupled with meaningful improvement in the quality of life of the citizens were achieved with varying leadership styles. It was finally concluded that the context in which development policy is conducted matters a lot to the extent that transplanting best practices does not seem a straightforward solution mainly because of the human factor, leave alone institutional arrangements that resolve agents to act and react as they do.

It is in this line of ideas that the present work concerns itself with understanding factors underlying successful development policy implementation process. The study focuses on asking the "how" question. In other words, the quest is directed to metatheories, approaches, settings, behaviours, and other soft elements of the policy process. For this to be achieved, some methodological anchoring is needed.

This chapter therefore reviews the literature on, and discusses, methodologies used in economics as a social science, and their implications for the policy making process. The positivist tradition in economics is taken as a starting point in the presentation of the evolution of ideas.

Subjectivism, Methodological Individualism and Postulates

Prior to the introduction of positivism in economics in the late 1930s, the dominant methodology stressed subjectivism, methodological individualism, and the self-evident nature of the basic postulates of economics.

Robbins puts it clearly in the following statement: "The propositions of economic theory, like scientific theory, are obviously deductions from a series of postulates […] we do not need controlled experiment to establish their validity [of these postulates]: they are so much the stuff of our everyday experience that they have only to be stated to be recognized as obvious" (Caldwell 1982:100).

In line with this methodology, economic phenomena are explained according to "an individual's subjective valuation process, which is *understandable*, but not *observable*[34] (Caldwell 1982:101). Hence the social scientist does not need to go through the rigorous process of empirical testing and verification of hypotheses. There is no point in conducting empirical studies for discovering new laws. But this does not rule out the usefulness of such studies. According to Caldwell (1982:102-3), empirical work helps with:

- getting short term predictions of possible trends,
- suggesting new problems for theory to solve,
- suggesting plausible subsidiary postulates, and
- checking the applicability of the theoretical framework to given situations.

This methodology highly advocates for the market as the panacea for optimal allocation of the resources. Obviously, it supposes that market transactions are cost free thus ruling out the necessity of collective action and cooperation. It also ignores the presence of externalities and the missing markets. Furthermore, this methodology predicts that an idea that works in a place A can understandably be replicated successfully in a place B, a factor that contradicts what happens in real life. In fact, New Institutional Economists argue for the presence of positive

[34] Emphasis from source.

transaction costs, hence the need for institutions and arrangements (like contracts) that can work at reducing such costs.

The fact that social outcomes are understood on the basis of individual rationality, preferences and choices, has far-reaching implications on development policy. The resulting aggregation of individual choices will form up the societal choices, but the sum of such individual choices will always be less than optimal as predicted by the Arrow impossibility theorem (Arrow 1963) discussed in the introductory part of this thesis as long as there will be an absence of a neutral coordinating force of the kind of an official proposed by Arrow (1963:107). In such absence, "all less-than-unanimity decision-making rules can be expected to lead to non-optimal decisions by the Pareto criterion" (Buchanan and Tullock 1999:74; Martinussen 1997:243-6). At least three reasons explain these shortcomings:

(i) there will be overall loss in productivity and other gains of cooperation,

(ii) the situation will be chaotic in that everybody will pursue their own and often competing interests, and

(iii) the very political rulers, instead of creating incentives for all, would be tempted to favor the well-positioned, more influential individuals in order to secure their support – since the rule of the game is that individuals act to the best of their own interests.

Methodological individualism therefore does not offer a good fit for the study of policy processes involving different stakeholders, having to deal with complex issues of the society.

The presence of positive transaction compels social actors to collectivize some of their decisions as a strategy to facilitate consensus, which calls for a third party acting on behalf of individuals that have given that mandate. The next metatheory integrates this feature albeit with limitations as will be detailed below.

The Positivist Metatheory and the Value-Free Observation

In contrast with the previous model, the positivist tradition in economics gives a central role to the empirical material (or observable phenomena). One of its main methodologies is, the logical positivism or hypothetico-deductive methodology of the old Vienna School[35]– e.g. the process of induction (that includes direct observation and formulation of primary hypotheses); deduction (formulation of verifiable theory); and empirical testing and verification. The logical positivism argues that empirical investigation should be given a prominent role in economics, i.e. empirical tests of hypotheses and generation of empirical laws (Caldwell 1982:110-1).

Fay (1975:13) distinguishes four aspects of the positivist metatheory:

- Its deductive-nomological account of explanation and interpretation of the notion of "cause"; science gives us causal [invariable] and instrumentalist [instrumental rationality] explanation of situations;
- Its belief in a neutral observation language (experience) as the proper foundation of knowledge;
- Its value-free ideal of scientific knowledge; and
- Its belief in the methodological unity of the sciences (i.e. applying logical analysis to the empirical material).

[35]The Vienna Circle started in 1922 by the physicist and philosopher Moritz Schlick. The tradition was introduced in Economics by Terence Hutchison in the late 1930s (Caldwell 1982)

As far as policy formulation and implementation is concerned, the logical positivism distinguishes two important roles. On the one side, there is the politician who sets the ends and, on the other side, the policy scientist whose responsibility is to suggest the most efficient means to achieve the ends. The positivist metatheory suggests that both the politician and the policy scientist are neutral in their judgments.

There is little doubt that this is a major improvement compared to the methodological individualist metatheory. However, the positivist metatheory poses a no less serious challenge, namely, that one can have a perfect and totally objective knowledge of the rules guiding social action, meaning that the analyst keeps himself/herself insulated from any influence when he/she designs a course of policy. What about policy administration/implementation then? Fay's response is that "it [politics] becomes itself a form of technical activity, in which political questions are interpreted as essentially technical questions which demand instrumentalist decisions" (Fay 1975:46)."The official is envisaged instead as a more or less neutral ethically. His one aim in life is to implement the values of other citizens as given by some rule of collective decision-making" (Arrow 1963:107).

This methodology considers the economy as a black box whereby the politician, upon the recommendation formulated by the policy scientist, introduces some kind of instrument, presses a button, and the desired outcome pops up almost automatically.

By describing the political activity as consisting in technical control over social processes, this typical top down approach to policy making becomes inconsistent with the Aristotelian conception of politics seen as a process by which decisions are made, involving the citizen in what is termed "human consciousness"[36].

Politicians are seldom neutral. This assertion is supported by Fay (1975:52) as he says that "All political proposals, no matter how instrumental, will alter and shape the personal relations of at least some of the members of a society, and will affect the relative welfare of various classes of people; as such they embody moral notions as to what is permissible, just, or right in human affairs. They are a species of moral statement."

Therefore, the methodological outcomes suggested by the logical positivist scientist are lacking, in that they will not fully capture men's attitudes and behaviours which are not stable (Fay 1975:19-20). There is a need to devise a less mechanical methodology to approximate reality and increase the likelihood of success in the conduct of development policy.

Falsificationism and Value-Laden Observation or Hunch

Falsification improves on verification methodology of logical positivism in the following ways: for verification, one cannot say that a statement is true until he/she has exhausted all the cases possible, yet this is impossible to perform. But falsification supposes that one can prove that a statement is false by proving at least one example that it does not hold, which is feasible. Falsification requires clarity and precision in statements to make every theory falsifiable. Superior theory will be the one that is not falsified (Chalmers 1999:63).

[36] Human consciousness means self-formation based on past experience and action, which action is influenced by the social world men live in. This explains why political argument, persuasion and action is necessary (Fay 1975:54-5), a point defended by the Moral character building model of Goodin (Cohen 2001:171)

Lakatos further improves the proposition by introducing the notion of a research programme. Distinguishing the hard core and the protective belt of a theory[37], he argues that the core should not be falsified, but the protective belt can, depending on situations and circumstances. Therefore, as long as the core of a research programme holds, such programme cannot be rejected (Blackhouse 1994:3, Chalmers 1999:132).

In challenging verification, Popper brings more into the debate. He recognizes the complications brought about by the complexities, adaptive and dynamic interactions and uncertainties of the subject matter in the social sciences. In front of such complications, he is concerned by the induction problem or inductive fallacy, namely that "we can find out about the world simply by observing it" (Blackhouse 1994:17).

Contrarily to the positivist view that science is derived from facts and that scientific knowledge is value-free, the falsificationist will tell that facts are theory-dependent and the observations value-laden (Chalmers 1999:149).

The policy implication is then that "[n]o social policy's worth can be solely instrumental because any such policy will require that people interact with one another in certain definite ways, and for this reason it must have a moral value in *itself*"[38] (Fay 1975:52).

---

[37]Lakatos introduces the concept of research programme whereby the hard core is that essence of the theory which all research conclusions are in agreement with and therefore should not be falsified, but the protective belt can be falsified, depending on situations and circumstances. Therefore, as long as the core of a research programme holds, such programme cannot be rejected (Backhouse 1994:3, Chalmers 1999:132).

[38] Emphasis from source.

According to development practice, falsification would hint to the so-called best practices. Actually, one may never know what should be an ideal policy prescription until it is tested. Moreover, it is even impractical to test all the policy mixes (no time, no resources, and besides, humans are not guinea-pigs to be used in laboratory experiments). That is why economic agents, and politicians alike, usually have to refer to what has been tried elsewhere provided the context was similar enough to the country's situation.

Development practice testifies to the falsification idea as this has been discussed in the first chapter. There is nothing wrong with governments implementing economic development models that are supposed to be superior and recommendable at the time. The danger has always been the failure to distinguish the belt from the core of the model. Many governments have adopted the prescribed models such as the structural adjustment programmes or the poverty reduction models in block, without careful adaptation and continuous monitoring. It was demonstrated in chapter one that challenges resided in the customization process and the lack of flexibility needed to adapt policies to prevailing circumstances that were dynamic in nature.

As Fay (1975) would support it, policy makers may gain by connecting with local communities in the operationalization of a policy statement. The basic organizing unit for that is the household "through which the individual relates to society, and through which non-market and market relations are articulated" (Martinussen 1997:311).

Constructivism and Persuasion

This methodology undercuts the empirical aspirations of economists. It supposes that knowledge can be defined only with reference to the linguistic practices of a particular community, since any known world is partly constructed by the imposition of concepts (Blackhouse 1994:5, 6, 17).

Blackhouse (1994:10) continues: "In the absence of uniform standards and clear cut empirical tests, economists have to rely on judgments, and they argue to render their judgment persuasive. This process leaves room to nonrational elements, such as personal commitment and style, and social discipline".

The implication for the policy making process is that rhetoric matters to capture the spirit of the agents and shape their rational process. Connecting with the policy stakeholders takes a policy maker who is able to engage them to rally their buy-in. The policy maker must devote time and money to activities such as explaining the measures taken, convincing people about the usefulness of those measures, preaching by example, and invoking values that are drawn from the cultural context the community is living in.

The above proposition leads us to another methodology used in social sciences, namely the *Verstehen* approach.

The Verstehen or Interpretive Social Science and Participant Observation

Verstehen or interpretive understanding is a concept made famous by Weber. Anderson and Kaspersen (2000:76) describe it as "a method in social and cultural sciences based on understanding an action. A direct observational understanding perceives immediately, based on knowledge of rules or intuitive understanding, the meaning of an action. An explanatory understanding explains an action by the motives, conscious or unconscious, the actors have for their action".

In the terms of Fay (1975:73), the "*verstehende*[39] social scientist [has] to ferret out invisible causes and he [can] only do this by a special method called 'empathy' in which he [relives] the lives of those whose acts he [wishes] to explain. By 'reliving' or 'identifying with' his subjects, the social scientist [is] supposed to be able to discern their mental states and therefore reveal the (mental) causes of the actions he [observes]".

However, a better description of a *Verstehen* explanation would be that such explanations "consist, at the level of individual actions, in demonstrating the *reasons*[40] why a particular act was performed, and that it is accomplished by setting the act within a larger context which includes the aims and cognitions of the actor and the circumstances in which he finds himself, which is to say that it is accomplished by using *public*[41] evidence" (Fay 1975: 76).

The *Verstehen* approach puts emphasis on participant observation whereby the observer becomes an integral part of his/her subject matter in order to get an "inside view", i.e. to see reality through the eyes of the subject.

Such an approach may help one to form better primary hypotheses and derive verifiable theories in line with the hypothetico-deductive approach. Similarly, and in line with the empiricist approach in sociology, the humanist approach in psychology and the holistic or story telling approach, it may help one to formulate a descriptively accurate – though complex

[39] Emphasis from source.
[40] Emphasis from source.
[41] Emphasis from source.

– analysis or story of one's subject matter – that need not necessarily be verifiable in the narrow statistical sense, but could and should still be falsifiable in the Popperian sense.

The policy implication of this method is that there needs to be a shift from top down to bottom up approaches to policymaking. But this shift will not be enough in itself; it needs to be complemented by a more direct involvement of the subject matter, and him or her becoming part of the solution to the felt problem. For bottom up approaches can still be paternalistic in that the policy maker will keep the monopoly over the knowledge of what is or ought to be done to provide for the felt needs of the subjects. Turner and Hulme (1997:115) call for a *new professionalism* whereby by putting the rural poor first, policy "professionals cease being experts and become learners".

There has to be dialogue, both in words and actions, between the subjects and the interpretive social scientist, between different social actors or within oneself. Such discourse goes beyond mere communication, and opens venues to being influenced by others' opinions.

Although this is a much improved approach as far as policy processes are concerned, it is still subject to criticism, mainly in the following aspects (Fay 1975:84, 86-7):

- the approach gives no room to the study of causal factors underlying the meanings, i.e. "particular mechanisms through which the surrounding economic, demographic, psychological, political, and religious factors influence the choices that actors make";
- unintended consequences of subjects' actions are not given due attention;
- no room is given to understanding structural conflict within a society, i.e. "situations in which people's self-understandings are at variance with their actual social behaviour,

so that the way people characterize their activity is in error; in which an actor's ideas and feelings are joined in ways that he is not aware of, and which lead him to act in a pattern which he might not realize and would resent it if he knew about; in which a specific belief and action system is incompatible with other stated norms of the culture, etc;

- historical change is ignored;
- the model is centered around communication, but pays less attention on the conditions under which such communication occurs. Therefore, the logical consequence is that its efficacy remains vulnerable to the resistance problem in communication;
- finally, the model assumes conservatism and fails to capture changes in the system. This is the case because every tension will be read as a breakdown of communication between the relevant actors.

All these shortcomings call for a more robust model, which approximates the real life better. The literature presents the critical theory as an answer.

The Critical Social Theory and Meaningful Discourse

Any change in society is a result of actions and interactions of players, which may be intended or not. The critical theory as a methodology proposes self-discovery of players, through a process of consciousness nurturing, as a means to unlock the full potential of one's rational decision making. The present section will explore more of this model that forms the corner stone of the connection among actors in policy-making.

The Essence of the Critical Social Theory Model

Jürgen Habermas, in his 1968 *Knowledge and Human Interests,* defines critical social theory as "a form of self-reflective knowledge involving both understanding and theoretical explanation to reduce entrapment in systems of domination or dependence, obeying the emancipatory interest in expanding the scope of autonomy and reducing the scope of domination"[42]

Unlike methodological individualism that considers human actions to be determined by individuals "reacting to stimuli from the environment", critical theory explains human activity as a result of "interaction in which at least two organisms react to one another and behave in relation to one another" (Habermas 1987:4). However, critical theory goes beyond behaviour theory that limits its analysis to observed behaviour. Instead, the critical model argues that "coming to an understanding is not an empirical event that causes de facto agreement; it is a process of mutually convincing one another in which the actions of participants are coordinated on the basis of motivation by reason" (Habermas 1984:392).

The critical social theory is associated with the Frankfurt School. Its original form was developed by Max Horkheimer "in his 1937 essay *Traditional and Critical Theory*[43] (…) [whereby he] wanted to distinguish critical theory as a radical, emancipatory form of Marxian theory, critiquing both the model of science put forward by logical positivism and what he and his colleagues saw as the covert positivism and authoritarianism of orthodox Marxism and Communism"[44]. But as the philosophy of history on which Horkheimer and others had founded the critical theory progressively lost relevance over the years, Harbermas came to the rescue of the theory through the gate of communicative action. More contemporarily, the concept is applied generally to refer to a methodology whereby researchers consider meaning

[42] (**http://en.wikipedia.org/wiki/Critical_theory visited on 31/8/2011, page 2**)
[43] Emphasis from source.
[44] (**http://en.wikipedia.org/wiki/Critical_theory visited on 31/8/2011, page 2**).

as unstable as it depends on local manifestations, varying from time to time and from one culture to another[45].

The critical social theory therefore goes a bit further than the *Verstehen*in that the observer should ideally enter into a meaningful discourse with his/her subjects in what Habermas calls communicative action. In Habermas' first volume of "*The Theory of Communicative action"*[46] (1984:294) communicative action is defined as "the type of interaction in which all participants harmonize their individual plans of action with one another and thus pursue their illocutionary aims without reservation". This requires that the observer

- has no preconceived ideas (or even a "hunch"),
- communicates and integrates with his/her subjects on an equal footing, and is open to persuasion, and
- bases his/her descriptive analysis or story on this discourse, i.e. produces it afterwards virtually as a joint effort between himself/herself and the subjects

The critical model of social science integrates theory and practice in its account of the nature of social theory by employing the quasi-causal and functional laws which it discovers to explain the contradictions in social life (historical account/historical process) of how the relevant social actors came to be what they are, i.e. how and why they have particular needs and purposes and how and why these are not satisfied (Fay 1975: 92, 96). It analyses social situations in terms of its features which can be altered in order to eliminate some frustrations experienced by members. Its method of testing the truth of a social scientific theory includes

[45] Idem, page 4
[46] Emphasis from source.

ascertaining the theory's practical relevance in leading to the satisfaction of human needs and purposes.

Three main features characterize the critical theory model of social science. Firstly, it supports the necessity of interpretive categories in social science and is opposed to the positivist model: "a critical theory is rooted in the *felt*[47] needs and sufferings of a group of people, and therefore it is absolutely necessary that the critical theorist come to understand these actors from their own point of view, at least as a first step" (Fay 1975:94).

Secondly, the critical theory model recognizes that action is not only intended and rational: it may be influenced by social conditions over which an actor has no control, and a great deal of what people do is not the result of a conscious knowledge and choice (Fay 1975:94).

The third feature is that the model allows explicit recognition that social theory is interconnected with social practice, i.e. it ties its knowledge claims to the satisfaction of human purposes and desires.

Thanks to the meaningful discourse, the critical social scientist can identify the sources of discontent and demonstrate how to eliminate such discontent by removing the structural contradictions underlying it. The truth or falsity of such theory will be partially determined by whether they are in fact translated into action (Fay 1975:94-5). Here lies a critical question: Who will be involved in removing those structural contradictions?

---

[47] Emphasis from source.

The critical theory says that once the actors come to understand themselves in their situation as the product of certain incoherent contradictions, they become empowered to remove those contradictions by taking an appropriate course of action to change the undesired social order. But again, who designs that appropriate course of action?

The answer is that the social theorist is responsible for that task: "the theory is itself the catalytic agent which sparks social change by revealing to actors, given their developing situation, how they ought to act" (Fay 1975:100).

However, the translation of the policy into practice will necessarily require the participation of the private actors themselves in the process, which Harbermas (1984:287) calls "rationally motivated assent". Contrarily to the positivist instrumentalism, a purely manipulative use of knowledge is impossible. There must be a constant critical interchange between the policy experts and the private actors who will be affected by their decisions (Fay 1975:102-6).

In other words, the role of the critical social scientist is not to provide policy makers with hints about the social conditions/laws/instruments to be manipulated in order to affect a particular goal, but rather to "*enlighten the social actors so that, coming to see themselves and their social situation in a new way, they themselves can decide to alter the conditions which they find repressive*"[48] (Fay 1975:103). "Enlightenment consists primarily in the calculation of effects and in the technology of production and dissemination; the specific content of the

[48] Emphasis from source.

ideology is exhausted in the idolization of the existing order and of the power by which the technology is controlled (Horkheimer and Adorno 1972:xviii-xix).

The critical social scientist's job is to educate private actors and increase their self-consciousness by making them rethink what they are in order to have a different picture of themselves, and learn about other mechanisms which combine to frustrate them at their ignorance.

However, enlightened reason does not explain all the behavior of mankind. Myths still exist, and there exist diversity of reasons too. As Alfredo Lucero-Montano (2006:2, 7) observes, naturally "enlightenment is a progressive and irreversible process of rationalization of all the spheres of social life; a process that at the same time is the progressive functionalization and instrumentalization of reason, with the consequent loss of meaning and freedom". That is why people are constantly compelled to "adapt, submit, and conform"[49].

The problem with the critical social theory methodology is therefore that it does not entirely circumvent or avoid Popper's induction problem, i.e. that the descriptive analysis may still be value-laden or driven by preconceived ideas.

A second problem is that critical theory supposes the absence of power relations, which is utopian in a sense, as men "are subjected to the production of truth through power and [they] cannot exercise power except through the production of truth" (Foucault 1994:31). According

[49] **http://www.englisharticles.info/2011/04/11/frankfurt-school-of-critical-social-theory/ visited on 31/8/2011**

to Habermas (1984:287), "[a] communicatively achieved agreement (…) cannot be imposed by either party, whether instrumentally through intervention in the situation directly or strategically through influencing the decisions of opponents (…) It has to be accepted as valid by the participants". This excludes any recourse to power claims exercised by the policy makers. Yet in practice, policy makers often rely to sanctions to get their claims accepted. Fortunately, Habermas proposes a way out by arguing that it is still possible to rationally motivate social actors not on the basis of sanctions, but on the account of policy makers assuming the warranty for securing claims to validity through proving their trustworthiness or their good track record in meaning what they says (Habermas 1984:302-3).

A third problem is that the analysis or story resulting from the harmonization of individual plans of action with one another may be very complex and even chaotic due to the fact that individuals have different and often conflicting interests. Fortunately, this problem is alleviated in practice as social agents have demonstrated that they can surpass individual interests and embrace higher goals of the collectivity, provided some conditions are met (Romp 1997:234-240), one of which being mutual trust among agents.

Although critical theory has its own shortcomings, at least its characteristics are more or less consistent with human nature seen from the perspective of the private actors whose course of life the policy is intended to change. The next sub-section elaborates on this point.

Critical Social Theory as the Preferred Methodology of the Present Study

The critical social theory suggests very interesting policy implications, at least when confronted with current practice in many countries.

The most compelling one is that consultation and participation of private actors in policy-making processes do not automatically lead to policy success. As stated before, there are at least four reasons for this:

- private actors may not have enough knowledge and understanding of the situation;
- they may have incentive to misrepresent their preferences or technologies (Cohen 2001:106);
- their behavioural patterns, which are interdependent and interactive, may change in the process;
- private actors may simply not engage in the consultation.

Therefore, a more aggressive, proactive and engaging strategy is to be devised in a bid to build consensus and achieve convergence of individual interests. This may be either “the trigger strategy” (Romp 1997:72) or the “stick-and-carrot approach” (Romp 1997:74) if one borrows the terminology from game theory.

This leaves us with four important parties as far as the policy formulation and implementation is concerned: The politician who sets the ends, the policy scientist whose role is to suggest the means to be used to reach the ends (the positivist model is limited to these two), and two additional ones, namely the critical social scientist – also called the change manager, whose role is to raise consciousness, and the private actor who plays a pivotal role of

- providing information on the social order and the felt repressions therein and
- acting in a way that can change that social order after having gone through a process of consciousness raising.

The role of the critical social scientist is a revelation to many policy-making scenarios including the World Bank/International Monetary Fund-recommended poverty reduction strategies and the Millennium Declaration. Indeed, these most recent and highly praised frameworks to development policy making uphold principles such as consultation and participation of the beneficiaries in decision making and implementation, ownership, alignment to the needs of the subjects, etc., but they seldom if ever, mention the need to invest time, money and other resources educating people in order to help them understand their situation and the role they have to play to change it for the better.

The point that is being made here should not be misunderstood. It does not suggest that policy makers are accused of failure to invest their energy and effort mobilizing the population towards the necessary change. The argument follows Fay's caution that such mobilization effort is intended to change people's ideas and beliefs to make them do what the policy maker wants, which should not be confused with the process of raising consciousness or changing people's ideas so as to increase their capacity to make informed and rational choices (Fay 1975:105). It makes a distinction between two different types of leadership, one authoritarian, the other more empowering, thus, more sustainable.

How to connect the two motives of changing people's ideas and beliefs in a particular community, namely change to fit the policy maker choice and change to empower individuals' self-determination, could be a useful and interesting research question. It would involve studying the change management process and who gets involved in it. Who plays the consciousness raising role in a particular community or situation: Technocrats, local leaders, community development workers, the developmental state, universities, research institutions or think tanks? Is the work performed by that particular agent (of raising consciousness) connected to that of the policy scientist/expert at a particular point in time and space? The matter is left to be answered empirically.

Another interesting question is related to the dynamic nature of the quasi-causal laws (how people do what they do and why). What implication does changing quasi-causal laws have on policy formulation? One possible answer is that the policy formulation is no longer a one-go event. Courses of action need get adjusted according to changes in the laws. Who then keeps monitoring this to know when and how to make such adjustments?

The answer is: the policy expert. Unfortunately the critical social theory is silent about what happens if private actors are not in agreement with the policy proposal which the critical thinking assumes to be truthful, not value-laden, and agreed upon among private actors and policy makers in the first place. Yet the elements on which that assent was founded may change in the process because of the dynamic nature of the interactions. How the changer manager communicates the feedback to the policy makers is therefore unspecified.

Nevertheless, there is a clear indication that the policy scientist/expert consults the actors in the first instance and continues doing so throughout the entire operation of implementing the policy, meaning that the role of private actors remains pivotal (Fay 1975:106-7). The policy strategy should make allowance for dynamic changes that may be both endogenous (within the group) and exogenous; and may be either anticipated or unforeseen. The fact that enlightenment is never a finished business is an invitation for constant engagement with the private actors, whereby the monitoring of behaviour of actors and the evaluation of policy options remain a vital exercise as far as the policy-making process is concerned. Two imperatives are inevitable in the pursuit of a successful policy-making process. These are; developing trust on the one hand and understanding behaviour of actors on the other hand.

Building Relations of Trust in Critical Interchange

The last two problems posed by critical theory as highlighted above are best dealt with through building relations of trust. Constant critical interchange is difficult to achieve in practice. Most of the time, the policy makers have limited time to engage in constant discourse with the private actors, and even when they do, these actors may still fail to express themselves freely either because of fear or lack of self-confidence, or because there is lack of trust. Building relations of trust is an important theme to explore in the framework of the critical social theory. Indeed, trust is at the core of overcoming resistance in at least two ways.

First, trust must be established between the critical social scientist and the private actors so that the latter open up and articulate their grievances and frustrations. Moreover, trust will be central for a programme of action offered by the critical social scientist to be credible enough to be accepted by the private actors.

Second, trust must prevail within the social group. So is cooperation as there will always be differences in opinions and interests, uncertainties and prejudices between and among the subjects. The next sub-section aims at exploring this theme of cooperation, which it does largely by covering the literature on behaviour.

Modeling Behaviour

Critical theory is concerned with change that is emancipatory in nature. So is development policy. Critical scientists are interested in helping participants understand the root causes of their social condition and behaviour, which they do by engaging in meaningful discourse with the participants. Therefore, understanding the mechanisms through which the behaviour of social actors can be changed is a critical part of a methodology capable of ensuring successful policy-making.

Bowles (2004:97, 99) argues that how social actors behave is determined by their preferences, their beliefs system and their capacities. According to this author, preferences are shaped by tastes, habits, emotion, fear, the manner individuals frame a decision, commitments, socially enforced norms, psychological propensities and affective relationships.

All these determinants are situationally-specific and endogenous in the presence of rule-following adaptive and bounded rational agents. For that matter, complexity is the main characteristic of behavior (Elliot and Kiel (ed.), 1999). Furthermore, "behaviors are highly variable across groups, not a single group approximated the behaviors implied by the self-interest axiom, and between groups differences in behavior seem to reflect differences in the kind of social interactions experienced in every-day life. The evidence for economic conditions affecting behavioral norms is quite compelling" (Bowles 2004:116).

Different theories and models have attempted to explain the mechanisms through which interdependent behaviour affects economic outcomes. Frank's *commitment model* suggests that "behaviour is directly governed by a complex psychological reward mechanism" (Cohen 2001:169) which competes and outweighs rational calculations. Therefore, guilt feelings and emotions restrain committed people from cheating and lead them to co-operate or behave altruistically (Cohen 2001:171).

In order to manage such situations, Fay recommends a three-pronged approach to creating conditions for open communication, namely moral suasion, the refusal to submit to commands and the elimination of possible reprisals (Fay 1975:100-1).

Goodin's moral character building model (Cohen 2001:171) is in line with Fay's recommendation. By preaching to the society, the state helps build up the moral character in individuals. However, this requires patience and consistency, as one's moral character builds up and changes slowly.

Whether Goodin's moral character building refers to intentions to change people's ideas and beliefs to make them do what the policy maker wants (in the positivist spirit) or to intentions to raise people's consciousness in order for them to make informed and rational choices (in the critical social theory sense), is not made clear.

The homo reciprocans model developed by Gintis offers a wider analytical framework of endogenous social orders: individuals are motivated by both reason and emotion. This suggests that "the promotion of pro-social behaviour may be better achieved by a combination of preference changes and incentive changes, rather than incentive changes alone. The preference changes can be stimulated by the enhanced practicising of the targeted preferences between and among the individuals concerned in a network of interactive behaviour" (Cohen 2001:172). This practicing of preferences is consistent with communicative action whereby "participants harmonize their individual plans of action with another and thus pursue their illocutionary aims without reservation" (Habermas 1984: 294).

Game theory studies how such rational individuals make decisions when they are mutually interdependent, i.e. engaged in dynamic, non-cooperative game, whereby no binding and enforceable agreements exist between players (Romp 1997:1-4). However, the nature of the games being non-cooperative does not exclude the possibility of collusion (or an outcome that is cooperative in nature) if the players perceive self-interest in doing so. The theory defines the Nash equilibrium as equilibrium whereby each player's chosen strategy is optimal given that every other player chooses the equilibrium strategy (Romp 1997:18), and it demonstrates that by acting in a self-interested manner individuals get worse off than if they acted cooperatively. Cooperative behaviour (altruism) is the only stable (sustainable) strategy (Cohen 2001:172-5).

The theory, however, recognizes that the complexity of issues can lead to the relaxation of the rationality assumed. Institutions, culture, past experience, all these can redefine rationality. Rationality may be qualified as bounded rationality because of the complexity of issues, or as Kantian rationality because of given imperatives one has to subscribe to. In such instances, "playing a mixed strategy [can be] a rational response to uncertainty about what other players will do" (Romp 1997:23). However, the application of the mix-strategy Nash equilibrium is controversial.

Since, according to game theory, agents' decisions will lead to Pareto inefficient outcomes, punishment strategies are called for whereby one player, through a threat or a promise, a stick or a carrot, forces the other to stick to Pareto efficient paths. But the effectiveness of such strategies is limited when there is a credibility issue (Romp 1997:36, 72, 74, 78-80), which comes back to the notion of trustworthiness (Habermas 1984:302-3).

Game theory evokes rational expectations to explain a policy neutrality result. The theory at the same time recognizes that policy neutrality can be escaped (Romp 1997:109-13):

- when asymmetric information is allowed in favor of government, or
- by government making pre-commitments through declaring targets or passing a legislation, provided that, through a repeated game, government has built a track record in honoring its pre-commitments .

Again this condition of government's good track record meets Habermas' point on trustworthiness and Arrow's argument on remedying the impossibility theorem, namely that the chaotic situation that might arise because people are pursuing their own interest can be mitigated when there is "a consent by the members of the community or at least a good many of them [whose] desires (…) include (…) a liking for the particular social decisions which they expect the dictator to make" (Arrow 1963:30).

Indeed experiments have shown that individuals tend to be more co-operative than it is predicted by the Nash equilibrium. Reasons can be altruism (pure altruism or duty – moral obligation), learning, uncertainty about other players, reputation, and group reputation (Romp 1997:234-40). It can also be by imitation or, simply, following the rules of thumb (Cowen and Crampton2002:26). Simon's theory of sustainable altruism and cooperation, based on bounded rationality, says that because of the high complexity of interactions, individuals tend "to depend on suggestions, recommendations, persuasion and information obtained through social channels as a major basis for choice" (Cohen 2001:174).

Partial conclusion

This chapter was dedicated to methodology, which is considered as a foundation for developing an effective policy-making implementation process. The discussion helped us to better appreciate the reasons behind policy failure, some of which were presented in chapter one of this work. Out of the analysis emerged key features of a successful policy-making process, which can be summarized as follows.

The first feature identified was about the **attitude that policy makers ought to adopt vis-à-vis private actors**. It was made clear that instrumentalist methodologies that focus on instructions while ignoring the role of private actors are not consistent with human nature and therefore are likely to lead to less sustainable results. On the contrary, more **empowering** and **participatory** approaches – commonly referred to as **bottom-up** approaches –help to manage the complex interactions that characterize any society.

The critical social theory emerged as the most appropriate model, putting in perspective issues such as increasing ownership and empowerment, unlocking market failures, handling behavioural attitudes, and improving effectiveness of the state. Policymaking is an art, which means that its success hinges among other things on the way it is being conducted. Critical theory recognizes communication as the piece *par excellence* of that art. That communication aims to enlighten rather than to force private actors to obey the orders. **Power-claim-free communication** strategies must be devised to ensure that domination and use of power are prevented. Instead policy makers ought to invest in building their **trustworthiness** so that private actors buy in what policy makers are telling them to do just because they find it reliable.

The second factor identified was the **recognition of the effects of behaviour and the understanding of what motivates actors to behave the way they do** in order to treat the same as endogenous variables of the policy-making process. This factor is a direct consequence of the first feature just mentioned. Policy-making activity takes place in a complex environment whereby actors with different interests are engaged in interactions that incur positive transacting costs. In accordance with NIE theory, policy makers ought to pay equal attention to the institutions that are needed to accompany the policy (instilling cooperation and convergence) than they care for the subject matter of the policy itself.

The **role of change managers** was emphasized for the handling of behaviour change. Change managers play a critical role of enlightening private actors in order to help them understand their actions/omissions so that they can resolve to change where required. Change managers assist the private actors in their rational decision-making process by helping them understand the goodness of a policy in order for the private actors to embrace it willingly.

Finally, the third characteristic of a successful policy-making process is its **flexibility and adaptability** to the policy environment, i.e. **pragmatism**.

However, this chapter on methodology leaves some questions unanswered. On attitude of policy-makers vis-à-vis the private actors, there is room to question the unidirectional treatment reserved to change. In other words, why should it be that private actors are the only ones to change? Where is the place for institutional reforms for instance? A more systemic view of change is called for.

Another question related to the engaging attitude is why participation and consultation of actors, in other words, bottom-up approaches, at times fail to offer enough guarantee for success? Isn't the reason one that private actors should be engaged for consensus throughout the implementation process thus making them full partners/implementers of the policy? Moreover, when the use of power is a bad or good thing?

With regard to behaviour, one would wonder how the feedback gotten from change managers is captured and used to fine-tune policy measures. As was discussed in the preceding section, the application of the critical thinking to policymaking process does not provide sufficiently for the backward mechanisms (from private actors to policy makers). As such, there is a weak point as far as putting an emphasis on continuous monitoring and policy adjustment is concerned.

The missing gap regarding flexibility and adaptability is what must guide the convergence of private interests and public objectives as different actors interact with one another. Pragmatic policy makers may find it useful to have an anchor that can ensure consistency in the different outcomes of the negotiations/consensus rounds. They need to be consistency-bounded flexible.

The connectedness model presented in Chapter Three sets to address these questions as it refines and enhances the critical theory applied to policy-making processes.

Chapter Three

The process of policy-making and “connectedness”

The present study contributes to the debate about the performance of policy-making processes. As has been seen in previous chapters, a policy is often inspired by a certain theory and underlying assumptions thereof. In economic literature, both theory and practice offer extensive prescriptions as to what a policy should contain in response to a given situation. One of the latest recipes involves constructs such as participatory approaches, consultation, ownership, monitoring and evaluation. But using the example of poverty reduction strategy papers it was demonstrated that relying on these constructs alone can have serious shortcomings. For, why even widely consulted, well-articulated policy master pieces such as poverty reduction strategy papers, consistent with guidelines suggested by as renowned development experts as the World Bank and the International Monetary Fund, can still fail to deliver?

At least four interesting, logically sequenced, realities can shed light on the matter to suggest that policy design and policy implementation cannot and should not be dissociated from one another. These are:

- The way consultation and participation are thought of in practice is often in terms of private actors making inputs in what Government should do for them and rarely in what Government should achieve with them (partnership). Moreover, when it is to identify what private actors are required to do, then the situation may arise whereby some actors would not wish to stand to be counted;
- Furthermore, consultation is not an event (at entry), it should be a process: indeed behavioural patterns are interdependent and interactive, therefore dynamic;
- Periodic evaluation of the policy only partially captures this dynamic nature, but what happens between two rounds of evaluation remains by and large an untold story;

- This is so because the concept “monitoring and evaluation (M&E)” which is often emphasized in rhetoric is less so in practice, especially its “monitoring” part.

The above realities call for some kind of paradigm shift. Policy making needs to be made a less mechanical process to make allowance for relationships and other situational factors on the one hand and to endogenize private actors’ individual and collective decision-making processes on the other hand. Connection is needed everywhere, among and between actors that need to relate to a social condition to be inspired by it and to jointly contribute to its improvement. For instance, it is very difficult for leaders who are insensitive to the plight of their people to stand the challenging strides that the leaders have to go through to help people get out of a depriving situation.

This chapter proposes a theoretical framework termed “the connectedness model” that encompasses key features of a likely successful policy-making process. The attributes described in the model are drawn from the conclusions reached previously at different places covering the review of theories, methodologies and empirical experiences. The model adopts the critical thinking while enhancing some of its features to fit reality on the ground, which is done by borrowing new institutional economics insights. Connectedness is therefore suggested as a methodology that has the potential to entice private actors’ coordinated and positive response to policy decisions to come forth willingly, thus rationalizing the effects of power relations and minimizing information asymmetries that characterize any social activity. The model describes the types of relationships that ought to be entertained between the four actors of the policy (defined in chapter two) vis-à-vis the social condition that the policy intends to improve upon.

The remainder of the chapter is organized in two sections and a partial conclusion. Section one is concerned with the description of the connectedness model by offering a detailed presentation of the nexus of connections one by one. Section two emphasizes the critical conditions that must be realized for the theoretical features of the connectedness model to materialize in practice.

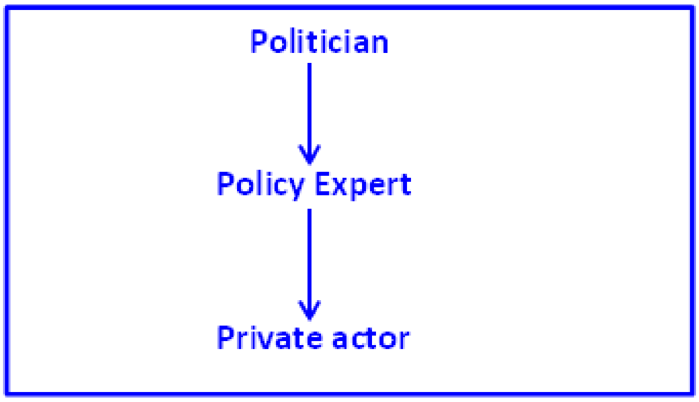
The Connectedness Model

The concept of policy-making triggers three important questions: What is the meaning of policy and why is policy needed? Who gets involved in the policy-making process? What should be the attributes of a successful policy-making process – success being defined in terms of reduced uncertainty of a policy outcome, i.e. the harmonization of policy-maker and private-actor objectives is achieved? To answer these questions, the connectedness model described below offers a number of propositions inspired by the methodologies discussed in Chapter Two and the empirical stylized facts covered in Chapter One.

In order to better grasp the message conveyed by the connectedness model, a schematic recapitulation of the methodological ideas presented in Chapter Two follows.

The positivist representation of the policy making process would resemble a straight, downwards line (depicted in Figure 1) running from the politician through the policy expert to the private actor. This instrumentalist view of things is usually described as top-down approach and has attracted considerable criticism both in theory and in practice.

Figure 1: The positivist view

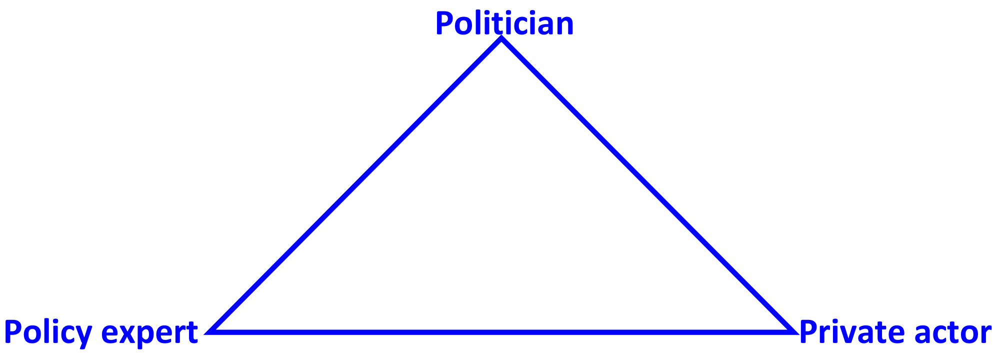


By way of improving the process, Chapter Two discussed other methodological approaches to policy making that proved to be more Aristotelian, i.e. making some kind of allowance for felt needs of a community to influence policy. This set of approaches includes:

- Falsification that implies decisions being taken basing on facts albeit value-laden due to people's interactions,
- Constructivism that highlights the role of persuasion, and
- The Verstehen that recommends to policy experts to search for and integrate inside views of the policy subjects.

At this stage, complexities in the Popperian sense are introduced, following interactions among actors. Predicting the outcomes of a policy now becomes less certain. The process is therefore no longer a linear one. The situation can now be better represented by a triangle (Figure 2) linking three points: the politician, the policy expert and the private actor.

Figure 2: The Popperian View

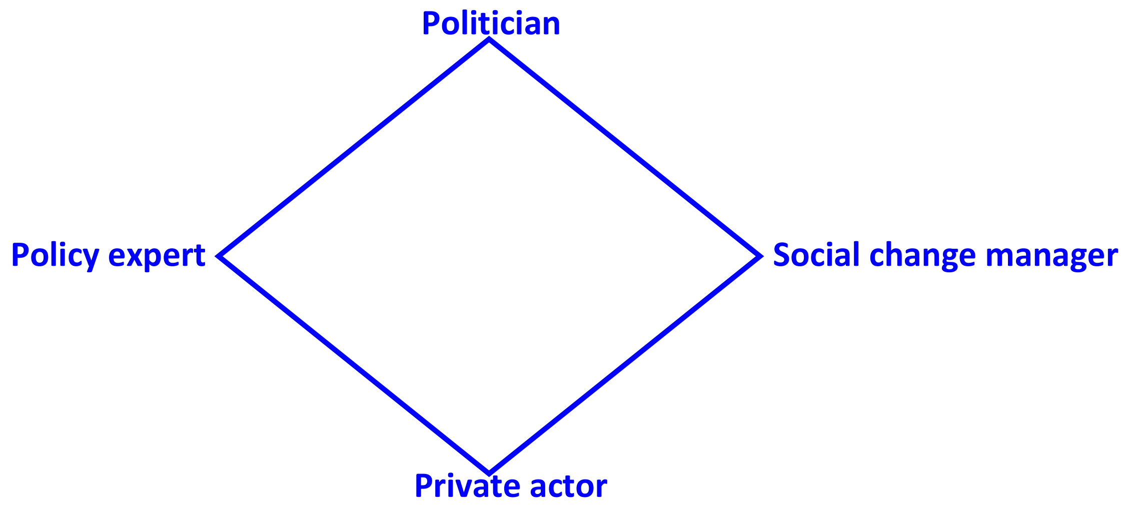


Further approximation of the reality was introduced by the critical thinking whereby meaningful discourse is recommended which brings in a fourth actor, the social change manager, whose role is to help understand contradictions in society and to bring private actors to behaving more responsibly through the rational choices they are enticed to make in order to change their lives. Hence interactions between four actors: the politician, the policy expert, the social change manager and the private actor. This situation is represented as a simple diamond as pictured in Figure 3.

This research suggests a framework coined the connectedness model that builds on, and refines, the critical social theory model.

The connectedness model is a framework defining a nexus of connections between a suboptimal social condition and the actors of a policy process, and between the actors themselves in a manner that creates conditions for success.

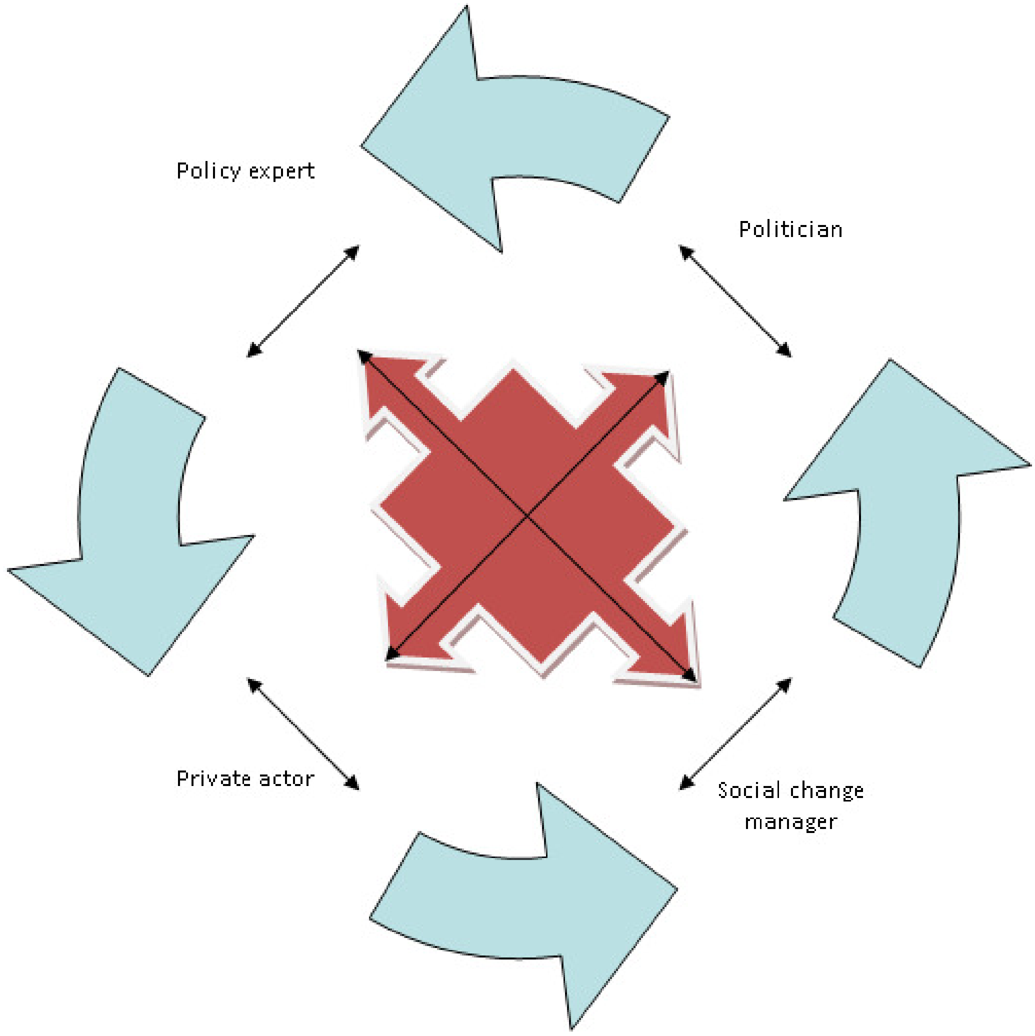
Figure 3: The Critical View



As Figure 4 shows, all starts by a social condition (see the red social condition diamond in the middle of the picture) that is perceived as suboptimal and calls for some kind of action – some policy to be taken. Then the model defines four categories of actors, namely the policy maker/politician, the policy expert, the social change manager and the private actor.

The model also depicts a nexus of connections indicating that the social condition is defined by actors' behaviour and vice-versa (thick red arrows linking the social condition diamond to the actors) and that actors must be mindful of the interactions among and between each other (black double arrows). A shared-vision circle (in blue color) seals everything off, suggesting that cooperative behaviour is the only stable and sustainable solution to the felt needs of the community.

Figure 4: A visualization of the connectedness model



The connectedness model enhances the critical social theory by the following features:

- The connectedness model states that all the four categories of actors bear the collective responsibility vis-à-vis the shortcomings of a prevailing social condition. The social condition is a resultant of every one's actions. Therefore, private actors are not the only ones to be targeted if any change is to be achieved.

- Mindful of the power relations that characterize any situation, the connectedness model at its least proposes strategies to mitigate tendencies to abuse power. However, the model recognizes instances when top-down approach can be used to stimulate private actors' response (response activation) or to unblock a market failure.

- The connectedness model moves from consulting to consensus building. This is a logical consequence of collective responsibility and empowerment. Actors communicate among and between each other as responsible citizens. In that, Popper's induction problem is resolved, or at least the debate over value-laden/value-free prescriptions becomes irrelevant since there is consensus over issues.

- The connectedness model moves beyond persuasion to embrace an empowering engagement: in their mobilization efforts, policy makers (i.e. the politician and the policy expert) will not be only motivated by winning the private actors to compliance, but also, and most importantly, they will have to ensure the sustainability of that change, which implies the target group is fully appraised of why compliance is the most rational thing for them to do to get out of a depriving situation. The model puts an emphasis on individuals that endeavor to change their destiny, and on social change managers that help them to get there.

- The connectedness model takes the concept of Monitoring and Evaluation (M&E) from theoretical to operational terms by stressing on what monitoring entails in practice. The model approaches the policy-making process as a complex adaptive system. Such systems are highly non-linear and less predictable in outcomes. The connectedness model pledges strategies to minimize uncertainty of outcomes through careful monitoring of actors' behaviour in order to be able to introduce a timely adjustment, an incentive or a disincentive in order to entice mutual cooperation. Therefore, policy making is made a dynamic process as opposed to a one-go event. Put differently, policy design and policy implementation are made one through an iterative process.

- Finally, the connectedness model holds that complete connection between the policy maker/administer and the private actor is the key ingredient of policy success.

Following is a description of the different components of the Connectedness model.

The Social Condition Diamond

In the connectedness model, the social condition is shaped by individuals in action and interaction – a point discussed in the last section of Chapter Two. Extra-economic variables such as social norms, cultural values, trust and emotions play a big role in determining the behaviour of individuals (Eggerstsson 1990:35). Cohen (2001) supported the same argument as he emphasizes the role of ethical codes.

The social condition diamond evokes a state of affairs that may be suboptimal and unpleasant: poverty, deficiencies in production or competitiveness, crime, discrimination, etc. It befits to stress that it does not matter who is the first to feel the need to improve the social condition. On the one hand, it may be the private actors and express a deprivation. On the other hand, it may be the case where a leader, or any third party, identifies that something ought to change for the better. Nor does change have to please the target social group in the first place, but it has to be well thought through so that with time the target group finds it matching their needs.

The implication of the point just made is far reaching. It suggests that bottom up approach is not a panacea much as top down types of policies are not to be condemned at their face value. As a matter of fact, most development success stories are associated with developmental states that figured out what is best for their people and endeavored to get it through by aligning all players, including the target groups, to cooperate for the achievement of the set objectives.

Take for instance the example of land use consolidation. It is hard to imagine a scenario whereby farmers, individually or collectively, can take the initiative to break the ice of fear for food insecurity and change their traditional subsistence farming practice, i.e. crop mixing on a fragmented land to embrace a more productive and market oriented approach.

Private actors often know what it takes to optimize their individual interests. But the presence of externalities leads to limited appropriation of one's efforts' rewards, which discourages innovation for some while encouraging herd behaviors for others. Also, individual endeavors ought to be coordinated in time and space to become profitable. A leadership that fails to interpret the situation and implement a corrective policy in a timely manner remains largely responsible for the prevailing suboptimal social condition.

However, at times private actors ignore that the condition they live in is suboptimal. This point is supported by some scholars such as those associated with the critical model of social science discussed in Chapter Two of this study.

Members of the policy target group indeed may be trapped for different reasons. Lack of adequate information is one of those; information on alternatives, on technologies, and even on experiences lived elsewhere that can inspire them.

But also, people are trapped because of the stickiness of their mindset and approaches; the famous bounded rationality argument. Lock-in situations occur because social actors tend to trust more what has been tested by experience than some new innovative ideas. Too often, people search local and recycle the same ideas all the time.

Another factor that keeps private actors trapped in suboptimal social condition is the lack of empowerment that makes them feel helpless even though they are conscious of the deprivation they are subjected to. Such feeling can be fueled by the historic burden of a long-lived marginalization. It can also flow from the existence of conflicting interests whereby the needs of the fittest may always come first. In some instances, private actors desist coming forward and articulate their frustration because of fear of influential individuals or leaders, or because they don't want to risk too much to the extent that their acquired rights get compromised or jeopardized.

Quite similar to the just mentioned problem, at least in its effects, is the lack of empowerment that stems from the dependency syndrome. What we have here is some kind of self-fulfilling prophecy whereby private actors are too conditioned to being attended to that they feel unable to struggle to pull themselves out of undesirable situations.

What is being said in the above paragraphs should not mislead the reader and let him/her think that private actors always act out of total ignorance and irrationality. Sometimes, under certain circumstances, an action that is perceived as irrational by a third party turns out to be the best and optimal solution at hand of the private actor at that particular time, that is, in the short term. The example that is often cited is the rationale behind small holding and crop-mixing that is commonly found in rural farming patterns. Farmers do this out of a logical process of appreciating their risks linked to the weather for instance, but also of assuring their subsistence in a less monetized rural economy. The pursuit of short-term gains may lead to sub-optimal equilibrium in the long run.

It is this stickiness of a sub-optimal situation that is referred to by the connectedness model as path dependency, which flows from lack of information, bounded rationality, lack of empowerment, dependency syndrome, and short-term perspective of a solution.

In order to break the various vicious cycles facing target individuals and organizations, elements of suasion and elements of consciousness-raising have to operate in synergy for the good of society. The trap needs to get broken and the path reversed. That is why the diamond is placed at the centre, and everything else is linked and must relate to it.

The social condition as described above naturally calls for a policy response. The concept of policy is hereby defined as; either an expression of purpose or desired state of affairs, a specific proposal, a decision by government, a formal authorization or a programme (Turner and Hulme 1997:59). The task of coming up with a policy response falls in the domain of the politician whose responsibility is to organize society and, in so doing, ensure long-term interests are not compromised by the pursuit of short-term gains.

Development is one of the pursued goals of a politician. Development is indeed a multifaceted concept, covering; economic development (creation of wealth, improved conditions of material life, equitable distribution); social development (well-being in health, education, housing and employment); political development (human rights, political freedom, enfranchisement, democracy); cultural development (identity and self-worth); ecological and sustainable development (equity between generations); full-life paradigm (systems, symbols and beliefs concerning the ultimate meaning of life and history) (Turner and Hulme 1997:11).

Development policy then will define what actions to be taken to achieve specific development objectives and the targeted beneficiaries to be empowered. In this research, the definition of economic development policy (or simply development policy) follows Mohr et al. (2000:635-44) who define economic development policy as a set of policy measures intended to improve the quality of life of people as a result of economic growth, the reduction of inequality and unemployment and the eradication of absolute poverty.

Development policies thus defined may include;

- policies that seek to remove or correct a structural challenge or constraint (such as agricultural policies);
- policies that aim to seize an opportunity that is offered by the surrounding environment including exogenous factors (such as trade policies);
- policies that undertake to prevent a dangerous social condition from occurring (such as health policies); and
- policies that target a frontier of possibilities to be expanded (such as policies that aim at increasing productivity and competitiveness).

The next section discusses the nature, roles and functions performed by different policy actors.

The Actors

The connectedness model recognizes four actors, namely the private actor (or beneficiary), the social change manager (alternatively, the consciousness nurturer), the policy expert (alternatively, the agent or practitioner) and the politician. The last two categories are most common as far as literature on policy making is concerned, and indeed are identified as policy makers. The connectedness model undertakes to rehabilitate the importance of the other set of actors, namely the private operators on the one hand, and the social change managers on the other.

It is argued here that as far as implementing an economic development policy is concerned, private actors are not just beneficiaries/stakeholders, but partners whose contribution is far higher than is usually taken. At the heart of development policy delivery there is always a private decision process involved[50] over which the policy maker has little or no direct control and which constitutes a source of uncertainty for every policy measure. It is the private-actors decisions either as end users of a service, farmers, entrepreneurs, employees, saving account holders or public tender winners that will ultimately matter for any change to take effect. The vision, desires and detailed plans of politicians and their agents remain mere wishes and empty words in the absence of a full resolve from private actors to embrace the ideas and act according to the prescriptions therein. The private actor is assigned two main functions: to inform policy (voice the needs) and to act towards changing the situation (through the rational choices the actor will make).

There comes in the role of a social change manager which is matched to that of the critical social scientist elaborated in the last section of Chapter Two. Social change managers are assigned the role of helping private actors apprehend and overcome inherent and/or external dysfunctions that stand in their way to prosperity. The determinant feature of their task is in the approach they use. Social change managers do not pretend being the masters of policy

[50] Examples can be: procuring goods and services, using availed facility or technology, reacting to incentives, adopting modern farming methods, for instance.

solutions and logical processes that lead to a desired outcome. They are far from imposing which button to press – or for that matter, which variable to manipulate in order to realize a stated goal. Social change managers are in broad sense open and ready to apply their talent and skills to raise consciousness, inspire and enlighten the community members as they [social change managers] undertake to broker a meeting point between policy measures and where these measures get implemented.

Connectedness is required throughout the policy implementation process in response to the dynamic and adaptive nature of the social condition, the diversity of private actors' preferences and behaviors as well as varying states of nature that the social actors are in. The mechanism through which this gets done is commonly known as monitoring and evaluation of the policy. The connectedness model puts an emphasis on monitoring and argues that monitoring behaviours and attitudes is primarily a change management activity. Private actors' initial levels of understanding and learning trajectories are different, a factor which calls for social change managers to constantly observe, enlighten, guide, and empower private actors accordingly. In their monitoring endeavor, social change managers also ensure that there is proper feedback reaching to policy makers who take it into account to adjust strategies going forward as they learn from the mistakes of the past.

The Connectedness model pledges strategies to minimize uncertainty of outcomes through careful monitoring of institutional settings and the outcome they generate in order to be able to introduce a timely adjustment, an incentive or a disincentive in order to entice mutual cooperation. Therefore, policy making is made a dynamic process as opposed to a one-go event.

The role of a social change manager must not be confused with that of the policy expert though. While the latter deals with the hard institutional infrastructure of policymaking and implementation, the former focuses on issues such as mindsets, mental models and behaviours, which constitute the soft part of the process. Social change managers can be found among the community members (role models), community-based organizations, private associations, research institutions and even public administration. As we said before, it is the attitude and the function that matter, not the person who performs them.

The policy expert is considered to be knowledgeable in his/her field. His/her role is to advise the politician on the best way to achieve defined vision, goals and objectives as well as to devise and administer technical steps to get there. The term "administer" is carefully chosen to clarify an important point: the difference between administration and implementation. The logic behind this is that implementation of a policy is mostly in the hands of private actors whose course of action the policy intends to change. The role of the policy expert is therefore to provide services, monitor the overall performance of the technical solutions and strategies and make policy adjustments where required, thus taking into consideration the dynamic nature of the policy making process. The policy expert enjoys considerable comparative advantage in information compared with other role players, a factor that in some cases leads to abuse (the principal-agent problem) and undermines overall performance.

Both politician and policy expert are interchangeably referred to as policy makers, but the connectedness model makes a clear distinction between them. The politician is the custodian of a country's (or community's) destiny. He/she defines policies in broad framework and relies on policy experts to operationalize them. In that, politicians run the risk of being misunderstood or misinterpreted both in content and the timeframe required. In any case, politicians will bear responsibility for overall performance of the economy.

It is worth recalling that, according to the connectedness model, all the four actors influence the social conditions, both through their actions and omissions. The model labels this feature "the inner connection".

The Inner Connection

In the Connectedness model, the inner connection refers to how actors relate to the social condition and gear their actions in relation to it. The connection that is described takes both factual and emotional forms. The model suggests that the better the understanding of the facts, features and patterns of the plight facing them, and the more they get touched, moved, upset by it, the higher their commitment will be to do something about it.

The Private Actor-Politician Connection

The Connectedness model states that practices whereby the leader does not communicate with his/her people are condemned to yield disappointing results. As was said above, the politician's responsibility is to define and provide direction in which to take the community. He/she also makes sure adequate resources, human, financial and otherwise, are put in place to achieve the desired results. On the one side, the politician acts in all accountability vis-à-vis the electorate that has put him/herein office.

But most importantly, the Connectedness model prescribes total connection between the politician and the private actor in terms of the former making a deliberate effort to make his/her policy choices well known and understood by the private actors. The leader has the responsibility to do a proper communication of the policy so it is neither miscommunicated nor misinterpreted. Examples abound whereby a decision is rendered unpopular and very hard to enforce due to shortcomings in the way it has been introduced or explained to the general public. Moral suasion is a key attribute of a successful policy maker. Similarly, policy making based on evidence is the way to go.

On the other hand, it is imperative that private sector actors are empowered to argue their case or voice their needs as they arise. Private actors ought to be organized in such a manner that they individually and collectively can exercise continuous pressure on the politician and demand results while at the same time playing an active role in finding solutions to the problems they face. Such situations of mutual engagement are more likely to yield successful outcomes.

The Politician-Policy Expert Connection

The Connectedness model does not take it for granted that policy experts will always come up with the best of solutions to the identified problems requiring an intervention. That is why total connection between the “principal” and the “agent” is highly recommended in our model. Both sides have to work at narrowing the information divide that exists between them: the expert has to fully apprehend the desired results so he/she may advise accordingly; the politician has to ensure that a system is put in place to enable him/her to control actions of the expert and hold the expert to account.

The Policy Expert-Social Change Manager Connection

Conventionally, the politician impacts on the private actors through the work done by policy experts. The Connectedness model offers to go beyond this logical conception of things to introduce the social change manager as a facilitator of the process.

The policy expert specializes in the "hard stuff" whereas the social change manager deals with the "soft stuff" of social change. In that, the two have to link up for better outcome. Emphasis in this suggestion is put on the necessity for the policy expert to identify his/her allies in the social change management where they exist and to create an environment for social change managers to evolve where they were not forthcoming before. The necessity for policy experts to apply their skills on consciousness nurturing cannot be underestimated.

The Social Change Manager-Private Actor Connection

Successful policymaking needs to be evidence based. The social change manager plays a key role in helping private actors articulate their wishes. Once these have been fully understood by policy makers and attended to through adequate solutions, it takes private actors to comply with proposed measures. The will to change either comes naturally through self-determination or is instigated by social change managers as they endeavour to raise consciousness in the social actors.

Trust is a key element in the relationship between social change managers and private actors. The latter need to be sure of the character of the person to whom they are about to disclose any discontentment. That person has to inspire confidence and to be compassionate as well as knowledgeable of the system within which the community evolves. It would just be better if the social change manager, being a member of the community, was the one that preaches by example. For, his/her role of pointing at weaknesses and shortcomings in the deeds of the community members requires him/her to uphold high records of moral authority.

The Private Actor-Policy Expert Connection

There are two important ingredients of successful policy making to stress here: participation of private sector actors in the policy making process on the one hand, and deliberate effort on the part of policy expert towards gaining a better understanding of the conditions private sector actors live in on the other hand.

Again evidence-based policies are called for here, which touches both on economic and extra-economic variables such as behavioral norms, cultural values, emotions and intentions, both conscious and unconscious, structural conflicts within a society, etc. All these have to be factored into the design of policy prescriptions, in addition to instrumental application of theory or quasi-causal laws.

The policy expert has also to bear in mind the complex and dynamic nature of society. He/she has to keep abreast of any change in the quasi-laws and social norms underpinning behaviour. Connectedness entails continuous monitoring of the same.

The Politician-Social Change Manager Connection

This connection is particularly important for effective policy communication strategy. Politicians are compelled to finding ways of insuring that social change managers, who specialize in brokering behaviour change and in facilitating the public debate, are fully informed of the direction in which society is being taken. In return, social change managers provide politicians with the feedback they get from private actors. In a nutshell, private actors are to be considered privileged advisers to the politicians, albeit indirectly through think tanks and other means of engagement. The connectedness model suggests that a politician that lends an attentive ear to the social change manager stands a net chance to come up with more realistic, informed and owned policies, hence increased likelihood of success.

The Shared Vision/Consensus Circle

As was put earlier, the role of economic development policy is not limited to mediating between the private and the social choice. Its objective is also to promote private interests and expand the economy's frontier of possibilities. What is at stake is not public interest and private motives against each other, but one for the other.

In the connectedness model *responsiveness*[51] replaces compliance as a more positive and active construct whereby private actors, fully appraised of how the policy goes in tandem with their own self-interests, do endeavour to embrace the suggested change. Needless to say, not always private actors and policy makers will reach consensus from the onset. The connectedness model recognizes this fact and proposes strategies to deal with it, which has been touched upon in the description of the seven connections above. Chief among them is that a successful economic development policy process is one that shifts from paternalistic and autocratic patterns to more engaging attitudes towards private actors. Indeed the implementation phase of a policy takes a bigger and more active role played by those actors than it requires of government acting as an enabler, stimulator and facilitator.

Another strategy is to privilege pragmatism and evidence-based policy making. The policy makers are guided by what is creating a difference on the social condition overall and the feedback they get from private actors (directly or indirectly through change managers) is used

[51] Emphasis supplied.

to adjust the policy (in both the measures and institutional settings) from time to time. In other words, the connectedness model puts an emphasis on policy monitoring to back-up any policy adjustments.

Thirdly, shared vision is very instrumental in holding all the forces together and making them work in tandem towards a common goal. In an environment characterized by complexity and therefore uncertainty of behaviours, cooperation is the most stable strategy.

Fourthly, the connectedness model predicts that the types of relationships that are established between the four groups of players and within a group will ultimately foster trust. As was seen in previous parts of this thesis, trust is a necessary requirement to unlock many traps that perpetuate the sub-optimal social condition. Needless to say, trust will get further amplified depending on the wealth of information that circulates among actors in the four groups.

To sum up, the sources of uncertainty pertaining to behavioural response of private actors can be altered by the policy makers through building true partnerships with the actors. The *Connectedness spectrum*[52] presents salient features of this "partnerships-building strategy". The connectedness spectrum refers to the consensus building exercise as far as mobilizing for policy implementation is concerned. The spectrum takes in account states of convergence/divergence of preferences expressed by private actors in line with expected outcomes of policy, ranging according to the relative level of willingness/resistance expressed by private actors. The spectrum is described by three states running from low to high willingness as shown in Figure 5.

[52] Emphasis supplied.

Figure 5: The connectedness spectrum

From relatively low response downwards (to the far left), a "response activation" strategy is prescribed. Response activation means policy makers (eventually with the help of social change managers) investing in generating the response without waiting passively for a response that may never come. It is in this case that "top-down" decisions are most prescribed, provided these decisions are based on a correct theory, which is measured by their relevance on the ground. Response activation strategies make allowance for, among others, government direct provision of certain goods and services that are normally provided by the private sector, yet the latter has not yet taken the interest in doing so. Effective policy management has to be conscious of market failures that will occur from time to time and be ready to intervene as and when required. However, that intervention has to be devised with an exit strategy in plans.

In case of relatively low resistance upwards (to the far right), strategies to keep altruist spirit high are prescribed. This eventuality often arises out of emotion due to some attachment to cultural values or social norms, but also it can be a purely rational decision due to a liking of the decisions made by the leaders in place. The policy makers can maximize on this behaviour model by creating institutions capable of sustaining it beyond people's feelings.

In instances whereby there are conflicting interests and actors are divided as to which plan of action to adopt, then consensus-building strategies (rounds of negotiations and compromises) are prescribed. That is when readiness to pragmatism (recourse to best-fit solutions in the absence of, or impossibility to get, optimal ones) is critical to untangle issues.

The partnerships-building strategy thus described is adaptive in nature, going from response activation (in case a desired response is not naturally forthcoming) to altruism emulation, through consensus building (the world of trade-offs). It requires enough flexibility and attention to the details for the policy makers to know under which side a given category of private actors falls under at a given point in time and space.

Critical Conditions Backing the Connectedness Model

The connectedness model is a theoretical, normative, framework. Its real performance is unveiled through practice. The promise of the Connectedness model is therefore hinged on the fulfillment of minimum conditions following the principles below:

- the role of strategic management in policy-making activity (the "how");
- the need to ensure sustainability through the creation of effective and efficient institutions capable of framing individuals' behavior while combating manipulation and selfishness;
- the need to clearly define the bottom-line for every policy action involving trade-off between different interests; and
- the importance of ensuring succession and insulating long-term gains of a policy from short-term gains including politicization.

Beyond Strategic Planning: Strategic Management

Looking at policy making and implementation, the connectedness model suggests that strategic planning is incomplete unless coupled with strategic management. The latter is a three-dimensional process involving time, space, and relationships.

Time: strategic planning or economic policy presents the substance matter. It defines a problem, analyses its root causes, proposes remedies and devises efficient means to get them implemented. But all this cannot be cast in stone. Parameters keep changing and initial solutions lose their relevance in the process. To sum it up, the substance matter is a dynamic one, not static, which requires continuous monitoring and adjustment. Hence, the emphasis put on policy design in this study.

Space: Strategic plans or policy documents tend to appear as one-size-fits-all. The connectedness model implies that successful policymaking and implementation process has to customize based on evidence. And evidence cannot be appreciated if all actors' work remains uncoordinated. Furthermore, it takes skills, talent and flexibility for policy makers to adapt to different situations and levels of understanding of the population.

Relationships: implementation is the work of human beings who are so different in behaviours, feelings, beliefs, norms, conflicts, alliances, etc. That is why these soft variables cannot be ignored if any progress has to be achieved. The connectedness model cautions against utopian statements as it advocates for more realism in handling facts and people.

The three dimensions combined describe policy making and implementation as a highly adaptive and complex system which can be understood within the qualitative and participatory paradigms. The reason behind this choice is that searching the "how" of policy implementation calls for exploring behaviours of, and relationships between, different actors in order to evaluate their overall performance. These are naturally complex issues which need to be understood from within, i.e. as they are perceived and described by participants who at the same time commit to improve upon the prevailing situation.

Beyond Individuals: Institutions that Ensure Sustainability

The connectedness model hinges on the four actors of the policy process as well as the interrelations that are defined among and within the different groups. For sustainability reasons, there is need to have in place critical institutions backing and framing individual actions and preferences in a manner that is consistent with the long-term vision and objectives of the policy. Successful policy making ought to ensure that such institutions are efficient and effective, making them bigger than the individuals running them.

Policy makers ought to ensure that the long-term vision for the society is credible enough to align the necessary buy-in from private actors as the latter form their present and future rational decisions. Credibility is better served when there are institutions of good governance capable of inspiring confidence of the citizens. Such institutions cover for instance the rule of law, macroeconomic stability (including better coordination of monetary and fiscal policies), transparency and accountability (including checks and balance), public financial management, political and fiscal decentralization, among others. Where such institutions exist and are effective and efficient, the risk of manipulative and selfish practices performed by certain affluent groups at the detriment of everyone else, the so-called state capture, is mitigated, resulting in better collaboration and consensus.

The second family of institutions critical to successful policymaking concerns effective policy delivery. This is looked at from three perspectives, namely policy ownership, capacity and motivation that characterize the policy-implementing agency. Every policy ought to have a home/champion government department clearly defined and made public. Unclear mandates and overlapping responsibilities would only create confusion and paralyze stakeholder coordination. This does not mean that policy implementation is a one-man-show affair. The lead institution is entrusted with the responsibility of mobilizing and coordinating the actions of all the stakeholders involved, including building their capacity to deliver.

Implementing agencies must be adequately equipped in terms of human capacity and financial resources, but most importantly, they ought to develop a culture and set of values that foster flexibility and pragmatism to adapt to changing demands in their clients' needs and working environment. Institutions that recognize talent and excellence through a proper reward/incentive system are more likely to bond bureaucrats therein, who are human beings after all, i.e. have also to make their rational decision as to how they allocate their time and dedication between fulfilling their tasks at the agency and shirking.

A final set of institutions to be mentioned here are institutions that address uncertainty of policy outcomes by addressing information asymmetry issues. Mechanism design theory associated with the 2007 Nobel Memorial Prize in Economic Sciences Leonid Hurwicz, Eric Maskin and Roger Myerson, has dealt with situations like these where self-interested agents have relevant private information they may wish to hold, leaving the principal with the need to design an incentive-compatible mechanism that can compel agents to behave truthfully as a rational choice (Prize Committee of the Royal Swedish Academy of Sciences 2007:3).

Following Maskin, development policy makers define goals but do not know in advance what social agents are capable of in terms of optimal performance. This privately owned information is termed the agent's type. Agents may have a vested interest in hiding the truth about their true types depending on the payoff that might accrue from being dishonest. In other words, the policy maker is facing large uncertainties as to the outcome of his/her decisions, unless policy makers design a mechanism such that all actors find it optimal to behave the way the policy maker would wish them to behave. The policy makers resolve this dilemma by devising mechanisms or institutions that ensure "participants themselves generate information needed to identify optimal outcome".

Needless to say, an appropriate method would have been used to entice private actors to reveal their true tastes, preferences, technological capabilities, and frontiers of possibilities thus reaching convergence of what were otherwise non-cooperative strategies performed by different stakeholders. Institutions working in this line include formal and informal organizations of interested private actors (simulating Myerson's ironing strategy[53]), the creation of a culture of competition where performance is tied to some kind of reward, and any arrangement that motivates participants to reveal their truthful private information.

Beyond Short Term Gains: Making Compromises While Keeping the End in Mind

The policy-making methodology proposed by the connectedness model set out to be time-consuming, a factor that calls for policy makers to be patient and consistent. Sometimes policy

[53]**http://en.wikipedia.org/wiki/Mechanism_design** visited on 31/8/2011, p8-9; according to the strategy, the mechanism designer "motivates higher types to distinguish themselves by giving them a better deal" bunching them together in the same contract (idem, p.9).

makers wish things fixed as of yesterday, but human beings are not fully controllable or programmable. Policy makers ought to appreciate this fact, and seek to achieve the long-term goal one step at a time. The policy-making process is therefore a modular one, whereby less than optimal outcomes may be allowed from time to time, but in a manner that does not jeopardize the long-term goal.

There are many reasons that can cause outcomes to deviate from the optimal path. Politics comes among the top-list ones. Like in the Chinese example we considered earlier in Chapter One, second-best options may be preferable to first-best ones simply because first-best is not realistically, or cost-effectively, or sustainably, achievable. Second best now has the comparative advantage of being best-fit given the circumstances. So it goes with social choice in general.

How do policy makers ensure that participants stay on course with the long-term objectives of the vision is the most critical issue. How much give-in can be allowed by either actor has to refer to some equilibrium that is found acceptable by the society. The society has to define its bottom line, its no-go zone, its make-or-break condition, in other words, something for which consensus has been achieved that no one can settle for less. It is something like what holds the United States citizens together irrespective of being a Republican or a Democrat when it comes to protecting national interest. Such a set of values is very important to hold the shared vision/consensus circle of the connectedness model unbroken.

Beyond the Incumbent Leadership: Planning for Succession

Under this heading leadership is approached in the general sense, not just limited to the people in government. The connectedness model implies that leaders are needed everywhere, in public administration, in private business, in civil society, in the community at large – which the Connectedness model calls “change managers”. The connectedness model holds that the more a critical mass of individuals of a visionary leadership is created the better for successful cooperative policy implementation.

However, the assertion is even more relevant for political leadership. After all, it is the political leaders who are entrusted with defining the societal plan and mobilizing for its attainment. A parallelism can be established between national interest/political agendas in policy making and the core/periphery in research programmes[54]. The biggest onus is on the incumbent leadership to ensure that a critical mass of people who share the same vision is developed, and that the long-term vision will be safeguarded irrespective of the office holder. This joins what was said of sustainability and long-term focus in previous sub-sections.

Partial Conclusion

The objective of this chapter was to describe a theoretical model of what a successful policy-making process would look like, basing on theoretical, methodological and empirical considerations reviewed in the first two chapters. It was argued in this chapter that connectedness is a composite characteristic of such policy-making process. The connectedness model thus developed defined strategies to be used in order to reduce the gap between and among private actors’ motives and policy makers’ objectives.

[54] As far as a theory is concerned, Lakatos introduces the concept of research programme where the hard core is that essence of the theory which all research conclusions are in agreement with and therefore should not be falsied, but the protective belt can be falsified, depending on situations and circumstances. Therefore, as long as the core of a research programme holds, such programme cannot be rejected (Bachouse 1994:3, Chalmers 1999:132).

Connectedness was understood as a purposely and consciously pursued linking or factor-in of one's activity to everyone else's, as actors acknowledge how mutually influential their actions are. Specifically for policy makers connectedness meant not being artificial or theoretical, rather anchoring policy actions on the reality on the ground in partnership with the very people the policy is targeting.

The connectedness model classified actors of a policy-making process in four categories, namely the politician, the policy expert (these two referred to as policy makers), the private actor (commonly referred to as beneficiary) and the change manager (anyone involved in consciousness raising or the facilitation of private actors' rational decision-making process). The classification was based on the functionality of an activity rather than the personality of its performer.

Eight connections were described. The inner connection suggested that all the actors must see themselves simultaneously as the product and the makers of the social condition which the policy seeks to improve. Therefore, policy makers, private actors and change managers alike are invited to assess what to amend in the way they have been doing things in order to bring about change.

The private actor-politician connection addresses issues of empowerment and policy communication on the one hand and accountability on the other. Almost similarly, the politician-social change manager connection highlighted the importance of communication and the feedback that policy makers get through change managers who facilitate public debate. The politician-policy expert connection described strategies to put in place in order to deal with the principal-agent problems that often arise during policy implementation.

The fact that policy experts must base on evidence and go beyond instrumentalist approach to also consider soft variables (behaviours and institutional settings) in their policy design which is dynamic and therefore requires continuously monitoring, was argued under the private actor-policy expert connection. In line with this, the policy expert-social change manager connection emphasized that change managers are important allies that can complement policy experts with their skills in handling the soft elements of change. In so doing, change managers ought to be trustworthy and be perceived as role models by private actors whose consciousness change managers seek to shape. This was the subject covered under the social change manager-private actor connection.

Finally, the connectedness model described the shared vision or consensus circle that must connect all actors' actions to one core, long-term objective or vision of the society. This is likely to facilitate coordination of diverging interest, foster cooperation and bring about the benefits of altruism as the actors identify with that uniting end.

As such the connectedness model capitalized on the three key messages offered by Chapter Two on methodology, namely empowering attitude, endogenization of behaviour, and pragmatic flexibility. The connectedness model brought in some enhancements in line with these messages.

To start with, the model argued that change is a collective responsibility. It addressed the issue of hierarchy management whereby it qualified power relations by distinguishing power used to dominate from power used to un-trap private actors whose use in some cases is a must. The connectedness model also qualified communication by differentiating between communications aimed at persuading from those whose intent is enlightenment, recommending the latter. In addition to that, the connectedness model revisited consultation which was found to be a one-go event and less committal (policy makers detain the discretion as to consider views of people consulted or drop them). The model proposed to replace it with consensus building instead, which is a dynamic process and involves the harmonization of actors' plans of action. In other words, the connectedness model argued that until private actors are recognized as ultimate implementers of policy measures and duly supported in that role, politicians and policy experts will continue reaping little output compared to inputs they invested in policy administration.

Secondly, the connectedness model emphasized that the policy experts ought to be mindful of private actors' behaviour as they design and redesign the policies. Policy makers should aim at playing the role of change managers as much as it possibly can, which increases the trust that private actors have in the proposed plans. Hence continuous monitoring is critical to addressing uncertainties stemming from policy-making processes that are complex and adaptive in nature.

Thirdly, the model clarified the importance of having a common vision towards which all actors' interests should converge. The vision helps to establish coherence and consistency in the conduct of policy and the harmonization of private and public objectives through negotiation and consensus building. The connectedness model argues that policy makers must be guided by that commonly defining factor in their pragmatic flexibility.

The chapter reviewed the four critical conditions on which the connectedness model is premised. Firstly, strategic management must supplement strategic planning to accommodate the dynamic and complex issues involved in policy-making processes. Secondly, institutions that supersede individuals and ensure accountability must be put in place in order to contain self-interests from undermining collective welfare. Thirdly, pragmatism suggests that not always first best solutions will be achieved. But even then, making compromise for second-best alternatives (called best-fit) must be done within the boundaries of what is in the interest of the society in the long run (called bottom-line). It is consistency-bounded flexibility/adaptability that is required. Finally, holding on course the long-term objectives requires the incumbent administration to create conditions such that consensus is gained for a critical mass of actors, which would make change more or less a self-sustaining process.

To sum up, this chapter has covered the key success factors for policy-making **not** by focusing on the content of a policy, but on how it is designed and delivered. That is why an appropriate methodology was to be described – the connectedness model in this case. The next chapter will consider the empirical case of Rwanda as an example of the functionality of the model.

Chapter Four

Empirical example

The purpose of this chapter is to present the case study of the Rwanda rebuilding, as an illustration of the connectedness model in action. It can be recalled that the model was framed through a retroductive process, confronting field experience, theory and methodology to explain how a government can develop partnerships with private actors to successfully implement its economic development strategies/policies. Through the account of Rwanda's economic performance in general and agriculture development in particular, conditions under which such partnerships, or the absence of them, worked for, or against, intended policy objectives are highlighted.

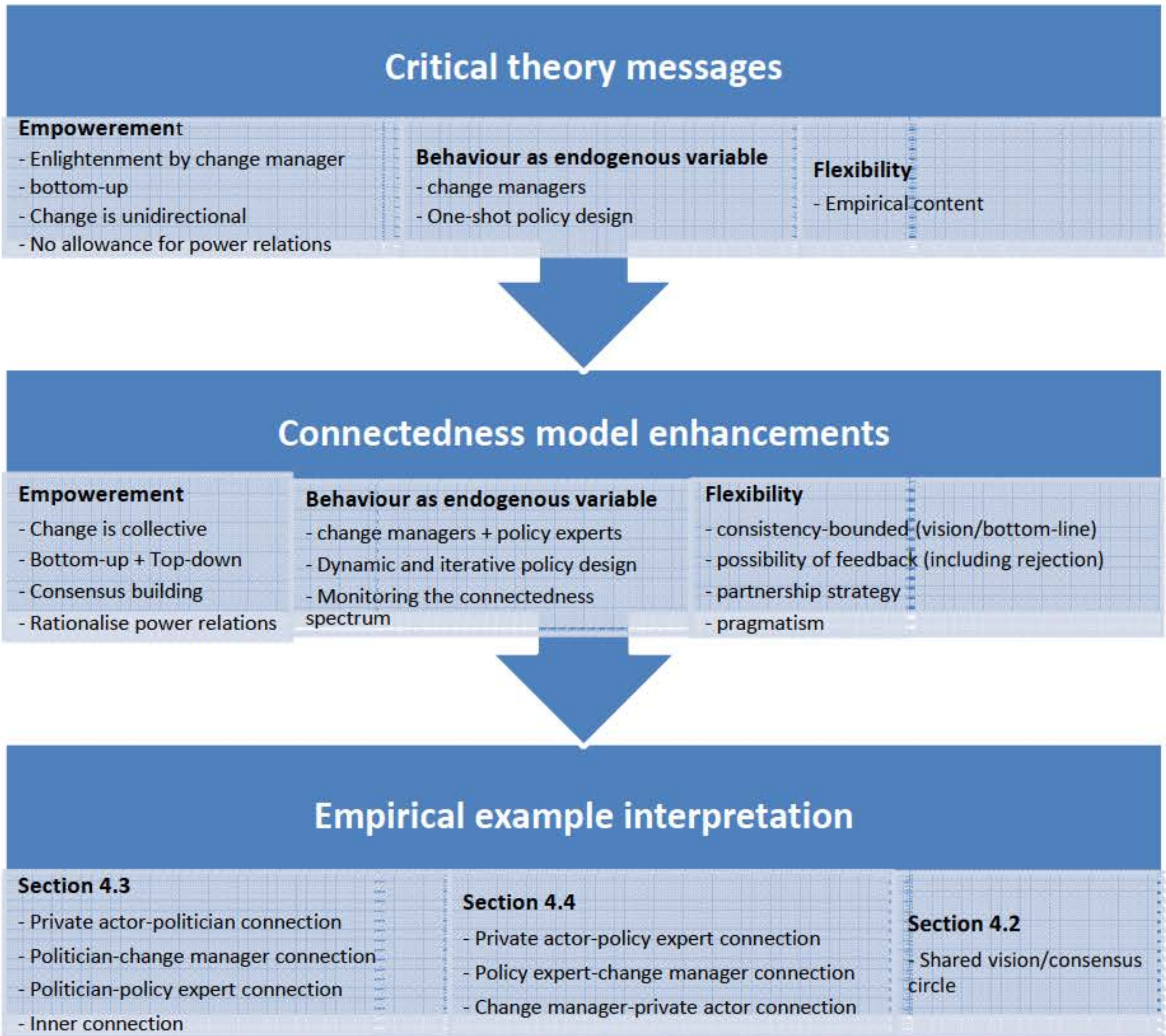
The research method used to tackle the empirical study was elaborated in the general introduction. Suffice to say that the case of Rwanda was chosen because of the quick recovery and growth of the economy that were realized after the genocide perpetrated against the Tutsi in 1994. Although the study looked at the Rwandan economy in general, deep focus was devoted to understanding the experience of the country in transforming its agriculture whereby farmers progressively escaped the crop-mixing trap. It is in this line that the crop intensification programme was analyzed in more details. In so doing further focusing was devoted to the land use consolidation (whereby farmers harmonize their crop choice and planting timing in a given period). The same strategy of picking insight-stimulating examples applying, Kirehe district which was ahead of others in land use consolidation at the time of the study was identified as a location where unstructured interviews/group discussions with farmers, local leaders, agronomists technicians and extension service providers were to be conducted.

The case study exploited qualitative and quantitative primary and secondary data. Primary sources of data were mainly participant observation (with regards to the Rwandan policy-making experience in general and the participation in meetings and events where policy implementation issues were raised and discussed) and the use of unstructured group discussions with actors in land use consolidation in Kirehe. Secondary data was collected from official reports produced mainly by the Rwandan Ministry of Finance and Economic Planning and the Ministry of Agriculture and Animal Resources.

It is assumed that the implementation process of the policies that have driven rapid economic recovery, growth and transformation in Rwanda exhibits many features of the connectedness model. As was presented in chapter three, the connectedness model builds on and enhances the three key implications of the critical theory to policy-making processes, namely empowerment, the treatment of behaviour in policy-making, and pragmatism or flexibility of policy makers. How it does it is described in the eight connections of the model. Chapter Four will use pattern-matching technique for data analysis to investigate the functioning of the connectedness model in Rwanda as per the mapping sketched in Figure 6.

The reminder of the chapter is organized as follows. Section one presents the background of the case study, highlighting its insight-stimulating facts which have motivated the choice thereof. Section two is devoted to the review of how a shared vision has facilitated the coordination of efforts of all actors in development thus easing the convergence of purpose. There, ideas developed around the third message of the critical theory will dominate the presentation. Section three dwells on empowerment attitude, centering the discussion on how the Rwandan policy makers have been linking with the rest of policy actors in the conduct of development policy. In this section, examples are given of instances whereby the connection in policy implementation was of the succeeding nature and where shortcomings were pinpointed.

Figure 6: Roadmap to the presentation of the Rwandan case study along connectedness lines



While both section two and three look at the Rwandan policy-making experience in more general terms, section four puts a specific accent on handling behaviour change in farming practices. It looks at the crop intensification programme in more details, bringing in the experience of Kirehe actors where relevant.

The last section draws partial conclusions of the chapter, which it does along the four critical conditions of the connectedness model, i.e. some evaluation of the same in the case of Rwanda.

Background of the Rwanda Case Study

In 1994 many considered Rwanda a basket case. A failing government had indulged in killing its own people: the genocide of the Tutsi. At that time, the country lost 50% of its gross domestic product, while 77.8% of its population fell under the poverty line (Murangwa 2012). The economy that was already agonizing for more than a decade (growing at 2.2% on average between 1985 and 1994) was literally shut down. There was very little to inherit for post genocide administration; only more than a million human lives lost to the genocide, traumatized and homeless survivors many of whom were orphans and widows, millions of people internally displaced or fled into neighboring countries, many returning refugees that did not have any property, destroyed infrastructure and private property, and deserted farm yards in the country side (Rwanda Vision 2020).

But Rwanda quickly recovered. In less than five years (1998), the country's gross domestic product had regained its pre-genocide level. According to data in Table 2, the country's economy has registered sustained high GDP growth rates averaging 8.3% annually between 2000 and 2010. Exports have grown by 13.5% on average per annum over the same period, while investment and saving rates have increased on average by 13.5% and 26.7% respectively over the same period.

The macroeconomic environment of the country has been stable, a factor which, coupled with good governance, has contributed to ensuring conducive environment for the businesses to flourish. Indeed, Table 3 shows that Rwanda was the only economy in East Africa to have ended 2011– a year troubled by the crises in the Euro Zone, the North Africa and Middle East, and the horn of Africa, with one-digit headline inflation rate (8.3% end December) whereas other countries' inflation rates neared or surpassed 20% (Gatete 2012:8).

Table 2: Rwanda Economic Recovery: Key indicators (billion Rwandan Francs, in constant 2006 prices)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average
GDP	983	1,066	1,156	1,308	1,337	1,437	1,571	1,716	1,849	2,062	2,187	2,351	
Growth		8.4%	8.5%	13.2%	2.2%	7.4%	9.4%	9.2%	7.7%	11.5%	6.1%	7.5%	8.3%
Exports	71	71	99	104	126	166	184	190	212	296	222	245	
Growth		0.2%	39.9%	5.1%	20.5%	31.8%	11.2%	3.0%	11.7%	39.7%	-25.2%	10.7%	13.5%
Investment	128	147	150	161	177	203	234	275	344	455	467	501	
Growth		14.4%	1.9%	7.3%	10.2%	14.3%	15.4%	17.6%	25.4%	32.1%	2.6%	7.3%	13.5%
Savings	36.8	63.7	71.3	68.9	100.9	181.3	199.6	176.5	209.9	272.4	324.9	387.7	
Growth		73.1%	11.9%	-3.4%	46.5%	79.8%	10.1%	-11.6%	19.0%	29.7%	19.3%	19.3%	26.7

Source: National Bank of Rwanda

Rwanda's achievements in doing business (by the World Bank/IFC) were also remarkable. In the same year 2011, Rwanda was ranked third in Africa (45th globally) after Mauritius and South Africa (Doing Business 2011), while in corruption perception index by Transparency International Rwanda came fourth in Africa (49th globally) after Botswana, Cape Verde and Mauritius (Transparency International 2011). On competitive index by the World Economic Forum, Rwanda was ranked third in Africa (70th globally) again after Mauritius and South Africa (Schwab 2011). Regarding economic freedom by The Heritage Foundation, Rwanda emerged third in Africa (59th globally) after Mauritius and Botswana (Miller *et al*. 2012). The above ratings are in consistent support of the point that Rwanda has performed well over the last years.

Table 3: Annual inflation in EAC countries in percentage

	2010	2011				
	Dec.	Mar.	Jun.	Sept.	Nov.	Dec.
Uganda	3.1	11.1	15.8	28.3	29.0	27.0
Kenya	4.5	9.2	14.5	17.3	19.7	18.9
Tanzania	5.6	8.0	10.9	16.8	19.2	19.8
Burundi	4.9	5.7	8.6	11.7	16.4	14.9
Rwanda	0.2	4.1	5.8	6.6	7.4	8.3

Source: Central Banks' websites

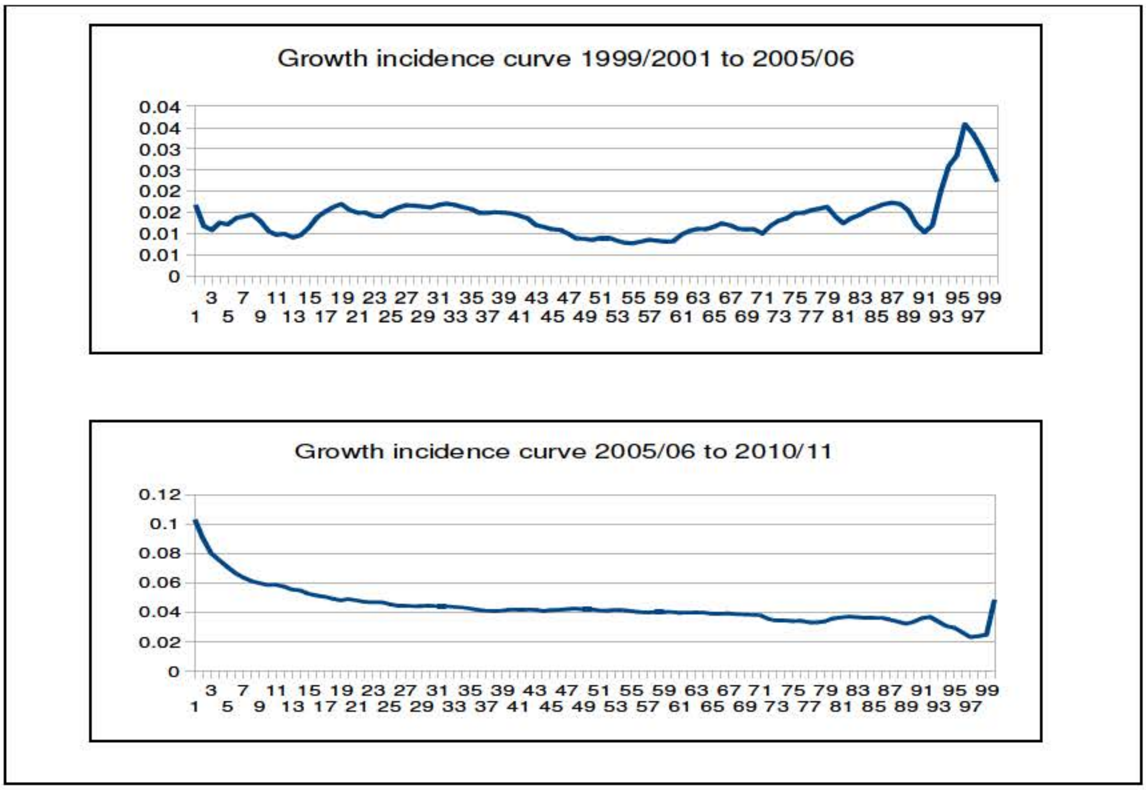
Socially, Rwandans have walked the long and difficult road towards reconciliation, which was supported by Gacaca traditional jurisdictions and other unity and reconciliation programmes.

The country has made equally significant efforts in improving the living conditions of the population. Poverty levels have dropped from 77.8% in 1994 to 58.9 in 2000/2001 to 56.7 in% in 2005/2006 to 44.9% in 2010/2011 (Murangwa 2012; National Institute of Statistics of Rwanda 2012:14). The significant difference in the speed of poverty reduction for the periods from 2000/2001 to 2005/2006 and from 2005/2006 to 2010/2011 is partially explained by the level of connectedness as will be elaborated upon in section three of this chapter. The two periods were also distinct in what regards equitable share of the benefits of economic growth. The former period was characterized by increasing inequalities (Gini coefficient increased from 0.507 in 2000/2001 to 0.522 in 2005/2006) while the latter witnessed the opposite with the Gini coefficient reduced to 0.490 (National Institute of Statistics of Rwanda 2012:23).

Indeed, the growth incidence curve over the first period has an upwards trend from left (poorest) to right (richest) saying that growth benefited the wealthiest more. As to the growth incidence curve for the second period, it bends downwards with a peak at the left, showing that growth rates over this period were higher for the poorest (See Figure 7). Professor Paul

Collier[56] characterized the achievements Rwanda has realized so far as "very rare in this continent".

Figure 7: Rwanda – Who benefited from growth between 2000 and 2011



Source: National Institute of Statistics of Rwanda (2012:22)

Regarding the Millennium Development Goals, according to the UN reports, Rwanda was counted among those countries that were on track to achieve the Millennium Development

[56]Professor Collier, author of "Bottom Billion", was the invited guest to speak at the "Reaching Vision 2020: Facts and Plans" event 4 organized by the Ministry of Finance and Economic Planning on 7 February 2002 at Serena Hotel, Kigali. The event was about the joint launch of the Economic Development and Poverty Reduction Strategy 2, the Integrated Household Living Conditions Survey 3 and the Demographic and Health Survey.

Goals. Human development indicators have improved tremendously for education with net primary school enrolment reaching 91.7% in 2010/2011 from 86.6% in 2005/2006 while net secondary enrolment doubled over the same period from 10.4% to 20.9%. Health indicators also improved significantly. Maternal health mortality dropped from 750 per 100,000 live births in 2005 to 487 in 2010 putting the country on track to hitting the MDG target of 268 in 2015. Infant and under-five mortality reduced as well, from 86 and 152 per 1000 in 2005 to 50 and 76 in 2010 respectively (Murangwa 2012; Republic of Rwanda 2011:103). Whereby Rwanda has done very well in women empowerment leading the world by far (56%) in women representation in Parliament. The country was implementing gender budgeting since 2008.

All these positive socio-economic changes were made possible because the leadership style that prevailed after the 1994 Genocide upheld many principles of the Connectedness model as shall be seen in the following sections.

A Shared Vision Matters for Development

The Connectedness model emphasized that the four actors of the policy process should be bound together by a shared vision, the same sense of direction and urgency, and close collaboration and cooperation in order to achieve the goals set by consensus. Former Brazilian President, Fernando Henrique Cardoso, in a paper he co-authored with his then Secretary General (Cardoso and Graeff 2010:224) shared the wisdom that it is important for a leader, a government or an administration, to elaborate and transmit a vision of the problem they face and of the society and the nation. The leader must project the nation's future, and lead the nation in that direction. Cardoso emphasizes the fact that a successful leader ought to transcend class conflicts and differences and instead put forward values that can be shared by a majority of a society. It can be argued that this is true of post-genocide Rwanda.

During the first three decades that followed independence, the Rwandan economy suffered a lot because of divisions and unprincipled political dispensation that characterized different political regimes at the time, culminating in the worst genocide of the 20th century which occurred in 1994. For the country to heal from its wounds, a lot of energy had to be put in rebuilding the sense of a nation in all Rwandans' minds.

Between 1997 and 2000, a national consultative process took place in Village Urugwiro (The President's Office) to chart the future of the country and lay a firm foundation for the country's sustainable development. Vision 2020 for Rwanda was defined through a consensus building mechanism. This long-term plan would serve as a reference for short- and medium-term plans, policies and strategies, thus setting Rwanda on the path to "raise the people of Rwanda out of poverty and transform the country into a middle income economy" (Rwanda Vision 2020, p.35).

Rwanda Vision 2020 emerged from a national, broad-based consultative process. Rwanda Vision 2020 is therefore "a reflection of [the] aspiration and determination [of] Rwandans, to construct a united, democratic and inclusive Rwandan identity, after so many years of authoritarian and exclusivist dispensation. [Its aim is] to transform [Rwanda] into a middle-income nation in which Rwandans are healthier, educated and generally more prosperous. The Rwanda (…) that is united and competitive both regionally and globally" (Rwanda Vision 2020; p.3)

The Vision 2020 is designed in three time horizons, the short term, the medium term, and the long term, each addressing a particular issue. The short-term objective of Vision 2020 is to promote macroeconomic stability as a foundation for private sector confidence, risk management and the solvability of the economy. The medium-term objective is to transform the country from a dominantly agrarian to a knowledge-based economy, while in the long run, Vision 2020 sets to create the "missing middle", i.e. small and medium enterprises as opposed to big corporations and tiny household enterprises, through the development of entrepreneurship.

Targets and interventions are projected along six pillars and three cross-cutting issues. Pillar one is about good governance and the creation of a capable state. That governance issues come at the top of the list is self-explanatory. Social cohesion, equity and equality of opportunities, transparency, accountability and efficient use of the resources are some basics that are required to restore confidence in the post-genocide population. A particular accent is given to people's participation at the grassroots, and their empowerment, through effective decentralization of power. A lean, but effective, flexible public sector was set from the start.

Pillar two recognizes the importance of a healthy, skilled, prosperous human capital if Rwanda is to become a knowledge-based economy. The Millennium Development Goals on education and health were given high priority, while science and technology, especially the ICT, were targeted as key enablers of the sought transformation.

Private sector-led development was identified as pillar three. This was a major departure from the previous dispensation, whereby private enterprise was quasi-inexistent. Being involved in a trading activity was a privilege of a few people, well connected with the regime. The few small-scale business persons that managed to emerge through informal routes were labeled names, while being self-employed was considered inferior by an elitist society. Vision 2020 sought to correct that perception. Although Vision 2020 encourages foreign direct investment, it puts more weight on the creation of a local-based business class as a crucial component of development (Rwanda Vision 2020; p.20)

Pillar four focuses on the development of infrastructure as a way of cutting costs of doing business. Land use management and its reorganization and consolidation for modern and viable farming comes number one on the initiatives envisaged by Vision 2020. The present work will elaborate more on this aspect of land management, when we discuss the crop intensification programme under Section four.

Productive, high value and market-oriented agriculture is covered under pillar five. Agriculture is seen from the angle of productivity, rather than the size of the land as was the case in the past. The choice of agriculture was justified by the need to harness its spin-off effects in terms of agro-businesses, exports, and job creation.

Pillar six points at regional and international economic integration as a crucial element of achieving Vision 2020. Rwandans recognize the goodness of open policies and trade liberalization, but also, they remain cognizant of the fact that supply side constraints must be adequately dealt with if the benefits of openness are to be reaped. The cross-cutting issues of Vision 2020 are gender equality, the protection of the environment and science, technology and ICT.

Values and principles forming on which the vision is found were institutionalized in the Rwandan Constitution which was voted by referendum in 2003. Fundamental principles of the Constitution include fighting the ideology of genocide; eradicating divisions and promoting national unity; sharing power equitably; building a State governed by the rule of law, a pluralistic democratic government, equality of all Rwandans and between women and men by ensuring women are granted at least 30% of posts in decision making organs; building a State committed to promoting social welfare and social justice; and ensuring the constant quest for solutions through dialogue and consensus as stipulated by the Constitution of the Republic of Rwanda in its article 9 (Repubulika y'u Rwanda 2011:17).

Power sharing is one of the institutions enhancing consensus. In Rwanda, the winner does not take it all as is the norm in some countries. By Constitution, the winning party will produce the President of the Republic while the President of the Senate and Speaker of the Chamber of Deputies shall come from different political affiliations respectively, including from independent candidates. In the same line, the President of the Republic shall appoint maximum 50% of the Cabinet members coming from his or her party, choosing the remaining 50% from other political parties and independent (no political affiliation) members. The same principle of power sharing guides other major appointments in high offices of Government. The rationale for this is quite simple: learn from past mistakes and institutionalize measures to correct those mistakes.

National unity is a cherished value for Rwandans, very useful for inclusive and sustainable reconstruction of the Rwandan fabric torn by the genocide and the discriminatory political dispensation that led to it. National unity is also very instrumental in building consensus around the core of the Rwanda's vision and aspirations, as well as in fostering the cooperative effort and team spirit as all citizens strive to achieve that vision.

The shared vision has contributed to shape hope and confidence in the population while creating a sense of direction for government institutions. The Rwanda Vision 2020 document on its page 3 reads; "Vision 2020 is a shared purpose for all Rwandans [and it] constitutes a bond that holds Rwandans as a people determined to build their future" (Rwanda Vision 2020; p.3).

The Vision has been a tremendous source of inspiration for the private sector as well. After all, the Vision 2020 states clearly that the private sector is "the principle growth engine of the economy" (Rwanda Vision 2020; p.20). Vision 2020 thus remains a reference for all actors: "the state, the private sector, civil society, NGOs, decentralized authorities, grassroots communities, Faith-based organizations and development partners" (Rwanda Vision 2020; p.33).

A country's vision is not defined for the sake of having a document. Leaders ought to consistently check it in order to inform their actions. In his opening statement at the 4thLeadership Retreat (14/2/2007), President Kagame emphasized that the leaders must be "politically conscious" about the shared vision and the challenges facing Rwandans. He urged the leaders and the Rwandans at large to "work hard until it pains, until it hurts, because poverty will hurt more". As usual, the President insisted on discipline, because in his words "a society that is not disciplined will have problems in achieving this vision".

Rwanda Vision 2020 is a long-term programme, which, in order to be implemented, must be translated in "the whole planning process and, particularly, medium and short-term instruments" such as the poverty reduction strategy (Rwanda Vision 2020; p.28). The next section is going to see how the principles of participation and empowerment were lived in the Rwandan case. It will be argued that Rwanda's learning curve in this area was steep, meaning Rwandan actors learnt and innovated a lot so quickly and more flexibly over the years.

The Power of Empowerment

The connectedness model argues in support of development being a change issue which has to be systemic and continuous to become sustainable. In that process the role of each and every actor is important. The more the actors interact with self- and mutual confidence, but also with accountability, the more mutually reinforcing the interactions will be. That was increasingly matched to a large extent by Rwanda's achievements in socio-economic development over the last decade, some aspects of which were presented in section one of this chapter.

Talking at the "Reaching Vision 2020: Facts and Plans" event[57] whereby the Economic Development and Poverty Reduction Strategy 2, the Household Living Conditions Survey 3 and the Rwanda Demographic and Health Survey 4 were launched, President Kagame underscored three factors to have underlined the achievements so far realized by the country. These factors were:

- Empowerment: Rwandan communities' capacity to plan and implement programmes, including private actors innovating home-grown solutions, and the capacity to shift private actors' mindset in the right direction (aspire for more and better, self-belief, pride in who they are and who they should be);
- Strong institutions and accountable leadership: capacity of the policy makers to organize private actors and to push them for implementation as a duty of a responsible government; and
- Rwandans' rejection of the notion of poverty trap: a good track record of achieving has created self-confidence and played in favour of the "can-do spirit".

[57] The event was organized by the Ministry of Finance and Economic Planning and took place on 7 February 2012 in Serena Hotel, Kigali.

The point made in this statement by the President of the Republic had been highlighted by Professor Paul Collier a few minutes before as he evoked the New Institutional Economic view on what forms the foundation for policy success. He mentioned three things, namely, the rules; institutions which are dedicated to implementing the rules; and a critical mass of citizens who understand what the rules are for and work to support them. For him, Rwanda has achieved a lot not only because of the technical competence and the seriousness about purpose, but also because of the involvement and empowerment of Rwandans.

Both statements spoke a lot to the strength of the inner connection in the Rwandan case in line with what was developed in chapter three. They concurred with the need for policy makers to stimulate participation of private actors while at the same time recognizing the necessity of policy-makers steering the sought-after change. Rwandan policy makers had from time to time harnessed the Rwandan culture and social capital to accelerate the propensity to change of the individuals in line with the policy prescriptions while widening the thickness of the change as well, i.e. the critical mass of individuals moving together in the same right direction. They had engaged in provoking altruism of private actors (private actor's spirit captured) while putting the leadership charisma at use as well.

In order to better appreciate the argument, and also to demonstrate how policy actors (politicians, policy experts, private actors, and change managers) adjusted their attitude along the process, a comparative look is directed at the Rwandan experience in planning for poverty reduction. As was alluded to in Section one of this chapter, two periods were contrasted, one running roughly from 2000 to 2006 covering the Poverty Reduction Strategy Paper 1 era and the interim period that elapsed between it and the next plan, another starting from 2007 with the Economic Development and Poverty Reduction Strategy – EDPRS (second-generation PRSP).

The first Rwanda Poverty Reduction Strategy paper (PRSP) was issued in 2002 to cover the period up to 2005. An interim PRSP was already in place since 1998, which was a requirement for Rwanda as a highly indebted poor country (HIPC) to become eligible to the process of debt cancellation. PRSP was not therefore a totally home-grown concept, although Vision 2020 prescribed that its implementation required much shorter-term instruments. Despite this fact, the process of having a PRSP was consultative enough, and the ownership level was much higher than many first generation PRSPs, although the level of that ownership was reduced as one moved down the implementation line (OSSREA 2005)[59].

The connectedness machinery was not yet running smoothly during the first years of poverty reduction strategic planning in Rwanda, which negatively affected the overall performance of PRSP I. The strategy was not widely disseminated for proper planning at micro level to take effect. Key institutions supporting strategic planning and management were still at their infancy. The programme was mainly coordinated from a central point, namely the ministry of finance and economic planning which comprised a team in charge of managing poverty reduction programme, leaving the ties with sectors and sub-national levels rather loose.

At the end of the lifetime of PRSP I, the results were mixed. Better performance was realized in social sectors such as education, health, and gender, where stakeholders were easily identifiable for better coordination and monitoring. Limited success was registered in economic sectors in general and agriculture in particular. According to OSSREA (2005), overall, the strategy could have been more pro-poor. It was shown in section one of this

[59] The author attended this workshop organized by OSSREA under the sponsorship of AfDB, to present the research results on "The Assessment of Poverty Reduction Strategies in Sub-Saharan Africa: The cases of Ethiopia, Kenya, Malawi, Rwanda, Uganda and Zambia". The event took place in Nairobi in February 2006.

chapter that even the limited growth realized benefited the wealthiest more, which was not in support of poverty reduction (National Institute of Statistics of Rwanda 2012:22-3). Overall, poverty levels were reduced only by 2.2 percentage points from 58.9% in 2000/2001 to 56.7% in 2005/2006 (National Institute of Statistics of Rwanda 2012:18).

The PRSP Independent Evaluation Report notes that “economic growth (…) was nevertheless below targets set in the PRSP and Vision 2020 and volatile (…). There has been little structural transformation of the economy, with progress held back by high transport and energy costs and insufficient strategies to create new non-farm jobs. High population growth has held back GDP growth” (Republic of Rwanda 2006:3). The same report (Republic of Rwanda 2006:9) highlights that weak institutional capacity has undermined implementation in several sectors, both at central and sub-national levels.

By and large, stakeholder participation was more or less effective during elaboration and annual/midterm reviews but much absent during implementation. This lack of effective monitoring is one of the diseases the connectedness model seeks to cure. Although the PRSP document seemed to have defined the roles of various non-state actors (Government of Rwanda 2002:33-4 & 101), the role of the private sector – as this concept is applied in the present research – was neither clearly defined across the economy nor sufficiently pursued. A trial and error approach dominated which, magnified by difficulties to align a supporting private sector response, was the source of considerable uncertainties in policy outcomes.

Economic Development and Poverty Reduction Strategy (EDPRS) – the second-generation PRSP, was designed to correct shortcomings of PRSP I. In his Foreword message to the EDPRS document, the Minister of Finance and Economic Planning states: “EDPRS aims to consolidate and extend the strong achievements in human development while promoting three flagship programmes: Sustainable Growth for Jobs and Exports, Vision 2020 Umurenge (the integrated rural development programme to eradicate extreme poverty and release the productive capacities of the poor), and Good Governance" (Republic of Rwanda 2007). The strategy focuses more on growth as a more sustainable way of financing poverty reduction. But also, through the Vision 2020 Umurenge flagship initiatives, the strategy performed more in favour of the least wealthy people.

During the EDPRS period, poverty levels dropped by 11.8 percentage points from 56.7% in 2005/2006 to 44.9% in 2010/2011 while inequalities reduced by a big margin (Gini coefficient reversed the increasing trend that was witnessed over the period 2000/2001 to 2005/2006 (from 0.507 to 0.522) and reached 0.490 in 2010/2011, an even lower level than it was in 2000/2001 (National Institute of Statistics of Rwanda 2012:18-23). It is during the EDPRS period that the innovations aimed at strengthening the connections between the politician and the rest of policy actors matured leading to better performance.

The first initiative to mention was **"Umushyikirano" or National Dialogue**. The National Dialogue was provided for in the Rwandan Constitution of 4 June 2003 as amended to date. Chaired by the President of the Republic, this annual event brought together representatives of Rwandans from all the 416 sectors in the 30 Districts of Rwanda, as well as the Diaspora. The general public in and outside Rwanda also participated by means of modern communication channels: the proceedings were broadcast live on radio, television and internet, and people could call in directly, send short messages, twits, and emails that would be shown live on national television.

Umushyikirano offered an opportunity to build consensus around major development programmes while affording the participants the means to hold the leaders to account on the promises they made to the citizens. Two examples illustrated the point made here, one focusing on mobilizing support for a programme (the case of SACCO Umurenge programme), and another showcasing accountability in action (the case of Girinka programme).

The Umurenge SACCO programme[60] whose intended purpose was to accelerate the speed at which financial access reached the unbanked population especially in the rural areas, by the creation of at least one viable savings and credit cooperative per each of the 416 sectors of the country's territory. The idea to craft this programme was born in Umushyikirano/National Dialogue 2008, out of the evidence that only 21% of the Rwandans had access to financial services at the time. The aim of the programme was to assist the country reach at least 80% financial deepening by the year 2017. In only two years of implementation, the programme alone (not including banks and other SACCOs and microfinance institutions) had reached a quarter of the population aged 16 and above, with the deposits amounting to 2% of the formal banking sector by June 2011 (Gatete 2011:20-2). This rapid growth was attributed to the high level of mobilization and the ownership of the programme by the local leaders and community members.

Girinka[61], a programme intended to provide one cow per poor family, was the second example considered to demonstrate how Umushyikirano/National Dialogue served as a mechanism to demand accountability. Given the opportunity at Umushyikirano 2009, citizens publically (telephone calls broadcast live during the session) denounced some local leaders who distorted the Girinka programme by diverting the cows to be given out, from the poor families to the

---

[60]Umurenge or Sector is an administrative entity immediately below the district. Rwanda counts 416 sectors and 30 districts. Umurenge SACCO programme aims at establishing at least one savings and credit cooperative in each Sector as a way of improving access to financial services.
[61] Girinka, of "Gira Inka" equivalent of "Own a Cow" is the name of a programme run by the Ministry of Agriculture and Animal Resources that is intended to afford a cow to every poor household as a means for income generation, improved nutrition and agriculture productivity (through the use of manure.)

families that were relatively well-off in that they could afford to have sufficient land for growing fodder and enough means to build stables. The rationale wrongly used by the Ministry and local leaders was that the former category was not capable of sustaining crossbreed cows and therefore should be excluded until such time they would have reached the minimum level of requirements. Moreover, some local leaders gave themselves priority and put their name on the list of beneficiaries irrespective of their means of living.

The Head of State chairing the session challenged the leaders involved in implementing the programme by saying that, actually those low-income categories that were excluded were the very ones the program was designed for in the first place. It was therefore the responsibility of the leaders to help them come up with a solution to the genuine issue raised of sustaining such demanding cross breed cows. If the leaders cared enough and were connected to their poor families, they should for instance have organized community cowsheds, in Kinyarwanda culture, commonly known as “igikumba” or have come up with an alternative solution. The Head of State instructed the Minister of Agriculture and Animal Resources to correct the mistakes made country-wide with immediate effect.

The mistakes were corrected in a record time. Families who had received cows contrary to the agreed rule/definition of the beneficiary restituted the same cows back to the pool and redistributed them to the poorest of their communities. Even poor community leaders who had qualified as Girinka beneficiaries understood that in any case, instead of serving themselves first, they must give priority to the rest of the community members they had been elected to serve. It was important to note though that these village leaders who were eligible as per Girinka definition were later given other cows, but only after having reversed the mistake they had made before. And the cows handed in to the poor families did not suffer as was feared before.

Indeed, "igikumba"/shared cowshed types of strategies were adopted in many districts, whereby copying the example of land consolidation, farmers of the same village would come together to build shared community facilities to keep their cows, agree on a time-table and division of labour as to which family does what and when in terms of feeding the cows, going to fetch water for the cows, etc. By consolidating their livestock in one place, gains multiplied in terms of manure, access to milk collection facilities and link to markets, easy access to extension services whereby in some cases community members agreed to share the cost of hiring a community veterinarian, cottage industries newly developed such as cheese production, and so on.

It was also gratifying to see the amount of altruism gone into the Girinka programme through what is called "kugabira" or "kuziturira" and "kwitura"[62] in Kinyarwanda culture as cows were given up by neighbors and different organized groups such as the business communities or employees of different institutions in support to the programme.

Secondly, policy makers have used **communication** innovatively to connect better with private actors. As was discussed in chapter two, speech is the most effective connecting tool, as people engaged in discourse are made able to express themselves, thus creating the sense of belonging, respect, and mutual trust. Leaders used this strategy to explain the rationale of different policies but also to facilitate mindset shift.

[62]Kugabira or kuziturira, means giving cow freely to someone as a symbol of brotherhood or friendship. Kwitura means giving back to someone who did some good to you. According to Girinka programme, a family that has received a cow will give back to the next poor neighbor the second calf born out of the cow received.

In Rwanda, leaders at all levels interacted with the citizens often through field visits, town-hall meetings and live discussions on radio and television. The Head of State held monthly press conferences where journalists were allowed to ask any issue and got answers. The Prime Minister, joined by relevant ministers, held press conferences after a Cabinet meeting or any national event to communicate to the public about any policy decisions made during those meetings. The President and Prime Minister also conducted many field visits and at each of them, citizens were given the floor to offer suggestions, ask questions and raise their complaints.

The organization of open-day events was another strategy used to improve communication about government policies and programmes and to account on how a host institution is progressing with implementation. Such events were held on a quarterly basis by ministries, districts, and many other institutions as per Cabinet decision. Since first quarter 2012, the Prime Minister launched all-government quarterly open-day series, which were aired live on radio and television as well. These interactions provided the necessary feedback from private actors which was later on used to adjust policies.

Some messages that had sunk in Rwandans' minds were for instance "Kwihesha agaciro" and "Kwanga gusindagizwa". The former means: "fight for your dignity" while the latter translates: "refuse dependency". Testimonies abounded whereby the youth, women, and other less privileged people had gained courage to work hard and pull themselves out of poverty, just because they heard these words and identified with them.

The third initiative that deserves a mention is **Umwiherero – Leadership Retreat** designed mainly to address coordination failures among policy makers. Government leadership retreats were introduced in 2004 by President Kagame, who convened and chaired them since. Held annually at the beginning of the year, a week-long retreat was attended by top executives in Ministries, Provinces, Government institutions and agencies. Top leaders in the Legislative, Judiciary, and the private sector were also invited. The 2011 edition brought the Mayors of the Districts in, as a way of linking central and local government and ensuring that the local governments who are on the ground where policies get implemented were fully involved in the discussions and roadmap for effective delivery.

The aim of the retreats was to discuss policy and programme implementation issues in a bid to fast-track delivery. The retreats served a golden opportunity for the top leadership in Government, Parliament, the Judiciary and the Private Sector, to assess progress vis-à-vis set targets. The forum focused on ironing out shortcomings that hindered effectiveness and efficiency of the delivery machinery both in Central and Local Governments. It was a way to hold leaders accountable, streamline coordination, while emulating the team spirit and the sense of urgency. As such, this innovation served to tighten the politician-policy expert connection for coordinated efforts.

The fourth and last initiative to be mentioned is **Imihigo – District Performance Contracts**. Imihigo is a management tool institutionalized in 2006 mainly to address the principal-agent problem that is characteristic of many organizations. The tool empowered the principal to express the agent's performance in measurable terms, which mitigated the information gap between the two levels. Imihigo is yet another culture based concept that was taken and adapted to fit modern times and style of management.

Since the Imihigo system was launched, it had contributed to planning, implementing and monitoring result-oriented actions in sub-national entities where policies were executed (Republic of Rwanda 2012: 24). The Imihigo were signed between the President of the

Republic and Mayors of districts and the City of Kigali. By signing, Mayors made the commitment on behalf of all the stakeholders in the district (policy experts, private actors and change managers), a factor that enhanced ownership and cooperation on the ground. Private actors, through the same channel, felt empowered to demand accountability.

Imihigo performance contracts were evaluated twice a year in a mid-term evaluation and an annual evaluation at the end of the year when districts were ranked according to performance. Best performers were recognized and rewarded publicly in the presence of the President of the Republic, an event which was broadcast live. At the annual evaluation, the contracts for the next year were signed. The District of Kirehe improved its ranking progressively whereby it ranked among the top ten for the three consecutive years from the 8th position in 2009 to 6th in 2010 to 5th in 2011. The district used to rank among the bottom of the list until a change in executive management (including the election of a new mayor) was effected in 2009. Kirehe was ranked first in its province in 2011.

It was observed that in some cases mayors made too ambitious targets which in the end they failed to achieve. That was partly due to lack of baselines. Some level of misreporting was also identified, which was corrected by the site visits performed by the evaluators (a multidisciplinary team headed by the Prime Minister's Office).

Some shortcomings were noticed with regard to the extent to which change managers from the civil society (community-based organizations, research and knowledge institutions, think tanks and others) were used as a resource in the planning, implementation, monitoring and evaluation of Imihigo, and therefore of EDPRS. According to the Ministry of Finance and Economic Planning (Republic of Rwanda 2012:29), with the exception of the health and education sectors that had a well-functioning management information system, the rest of the sectors should ensure that the benefits of a participatory approach enjoyed at sector level be equally taken down to strengthen the same at district level.

Going forward, the same report pointed at "the desire for stronger engagement with the civil society and private sector in the elaboration of strategies and plans for EDPRS 2" (Republic of Rwanda 2012: 29). Despite this though, EDPRS was far more successful than PRSP 1.In its analysis, the EDPRS attributed the slackening in GDP growth that characterized the PRSP period to the low performance in agriculture, constrained among other things by ill-defined land administration system and poor settlement patterns in the rural areas. These two factors resulted in land fragmentation which, coupled with low uses of agricultural technologies, reduced the productivity of the sector (Republic of Rwanda 2007:7-8).

It is in response to this that the Strategic Plan for Agriculture Transformation (SPAT) and its off-spring, the Crop Intensification Programme (CIP), were designed and implemented. Section 4 below will present an analysis of how private actors responded to these policy orientations in more details.

Handling Behaviour Change in farming Practices in Kirehe District

During EDPRS period significant transformation was achieved in the area of agriculture in general and the farming practices in particular that it can be argued that path reversal took place indeed. This section investigates how this was made possible by focusing on change management. In terms of the connectedness model, the section will dwell on characteristics such as how private actors and policy experts in charge of implementing the policy, as well as change managers, worked together to facilitate paradigm shift.

A Long Tradition of Subsistence Farming

In 2010, Rwanda was a small land-locked economy whose gross domestic product was worth 5.7 billion US dollars[63]. In terms of area, the country counted 26, 338sq. km of which arable land represented about 52%. Rwandan population was projected to reach 10.4 million[64] over the same period, making it one of the most densely populated countries on the African continent. Agriculture was the backbone of the Rwandan economy as the sector employed over 80% of the active population, contributed 35.4% share in the GDP, and represented about 55% of exports (excluding tourism). As Table 3 indicates, agriculture and more specifically, food crop production, was the main driver of the overall economic performance. In fact the worst agriculture performance in 2003 pulled down the growth in domestic product, and the issue persisted until the crop intensification programme (CIP) was launched in 2007 (starting with 2008A season in September 2007).

Table 4: Agriculture growth rates in % (2006 constant prices)

Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011e
GDP	8.4	8.5	13.2	2.2	7.4	9.4	9.2	7.7	11.5	6.1	7.5	8.8
Agriculture	8	9	17	-3	2	6.5	2.8	2.7	6.4	7.7	4.9	8.2
Food crop	8	9	19	-4	0	7.9	1.4	4	6.2	9.4	4.9	9

Source: National Bank of Rwanda

Rwandan agriculture was predominantly small holder, and the fact was self-explanatory, given the surface area and high population pressure. According to the Rwanda Comprehensive Food Security and Vulnerability Analysis Report 2006, over 40% cultivated less than 0.2 Ha during

[63] Nominal GDP was 3,302.3 billion Rwandan francs, and the Rwandan franc exchanged 583.13 against the US dollar. Source: National Bank of Rwanda Annual Report 2010.
[64] National Institute of Statistics of Rwanda.

both Season A (September-October) and Season B (February – April), while more than 60% cultivated less than 0.2 Ha during Season C (June, mainly in marshlands). Overall, there was 0.12 Ha of arable land per capita in 2011.

Sub-optimal plot sizes naturally dictated crop mixing for many farmers who relied on farming as the main source of income in a less monetized rural Rwanda. Farmers opted to grow on a small piece of land almost everything they needed to feed themselves. The practice of subsistence farming for long held farmers back from embracing new innovations aimed at enhancing productivity, such as land use consolidation and the use of fertilizers and other agricultural inputs. Applying the connectedness model allows one to argue that farmers were trapped in this sub-optimal situation for a reason.

Through grassroots consultations it was revealed that "it [was] by conviction that producers maintain[ed] themselves in the logic of subsistence agriculture. In the event conductive [sic] conditions [were] met, populations develop[ed] commercial orientation for their agricultural production systems" (Ministry of Agriculture and Animal Resources 2004b:31).

Farmers cited access to appropriate financing and the availability of reliable markets as some of the key factors that can mitigate the perceived risk associated with land consolidation. It was with the aim to exploit that window of opportunity and to counter the decline in the agriculture sector performance that the national agriculture policy (Ministry of Agriculture and Animal Resources 2004a) and the first Strategic Plan for Agriculture Transformation - SPAT I2004-2008 (Ministry of Agriculture and Animal Resources 2004b) were adopted in 2004.

Strategic planning for agriculture transformation was a highly participatory and innovative exercise, in line with the thrust of the connectedness model, keeping all the policy stakeholders well informed and coordinated through an appropriate methodology. According to the Ministry of Agriculture and Animal Resources (2004b:vi):

> On the conceptual plan, the exercise introduce[d] two innovations: (i) For the very first time in the history of Rwanda, a participative planning approach individually associating 106 country districts [was] implemented for the elaboration of the agriculture strategy. This consultation happened to associate beneficiaries to meditation, to put together their points of view and identify their needs to be integrated in the sectional strategy as well as in the hierarchy of actions to undertake. (iii) [sic] The elaboration of a data base on the beneficiaries needs [laid] the foundation for both an institutional memory and a collaboration platform; it allow[ed] to make preoccupations of beneficiaries and grassroots communities the permanent focal point for the actions in the agricultural sector (…) On the content level, the innovation of SPAT, as compared to policies and strategies of the past, [was] based on voluntaristic stimulation and incentives for the production systems towards regional specialization, producer's professionalism, commodity chains and the market-orientation.

The policy and strategy sought to correct the following mistakes: lack of ownership of communities, poor consideration of the social context, one-size-fits-all type of interventions "without taking into account the intertwining nature of some sub-systems and their integration into the overall system" (Ministry of Agriculture and Animal Resources 2004b:6). It was assumed that "for each decentralized entity, it will be necessary to (i) identify actors, (ii) to know and take into account the functions and interests of the actors in the system who can be supplementary as they can be conflictual and (iii) to understand the nature of relations (hierarchical, commercial, etc.) between the actors and the forces and weaknesses of each of them within this context" (Ministry of Agriculture and Animal Resources 2004b:107).

All in all, the policy and strategy process was designed along the following principles (Ministry of Agriculture and Animal Resources2004b:vii-viii):

- Participatory and pro-poor;
- Progressive, flexible and dynamic;
- Demand-driven approach and producer's negotiated free choices whereby public administrations intervene through the provision of orientations and appropriate motivation mechanisms;
- Attention given to gender, youth, environment and AIDS as cross-cutting issues;
- Agricultural development essentially concerns the private sector and producers, who make it;
- Subsidiarity, i.e. government interventions phasing out gradually, with clear exit strategy handing over to private actors and communities;
- Allocation of resources prioritized for most competitive actions and productions.

As such, the strategic plan for agriculture transformation SPAT I predicted that it would have taken the agriculture sector to its phase of rapid development at the end of 2008 (Ministry of Agriculture and Animal Resources 2004b:ix). At the time of the development of the strategy, crop production had registered a negative 4% in 2003 and a 0% growth in 2004[65]. Despite sound principles underpinning the agriculture transformation strategy, Table 3above shows

[65] Values in 2006 constant prices, National Bank of Rwanda

that the promise of SPAT I was short lived. Good performance was registered in 2005, before the sector slid back to below Vision 2020 targets for food crop production. What were the shortcomings?

Behind the slowdown just mentioned were a design issue and an implementation issue. Firstly, the strategic planning process focused on supply-side issues and denied due attention to demand-side challenges. The strategy (and the grassroots consultations) was detailed as to what systems Government and its partners were to put in place to support intensification and diversification of production systems (agricultural inputs provision, extension services provision, the provision of proximity services such as financial and human resources, appropriate technologies, microfinance services, etc.).

However, rare was the case, if any, whereby the participatory consultations touched upon demand-side issues that were of cognitive nature, such as how to deal with bad behaviours such as farmers selling fertilizers instead of applying them in their planted soil, lack of cooperation, and simply lack of participation, i.e. individuals who are not yet part of the production system. Change management was not focused upon in a sufficient manner. Again it was a long learning process. It is worth noting that the second phase of the strategic plan for agricultural transformation (SPAT II 2008-2012) learnt from its predecessor’s mistake as it shifted focus towards creating demand for inputs rather than just dealing with the delivery of those to farms (IFDC 2010:5), which was a move in the right direction.

Secondly, the distinctive feature of the strategy, namely the “voluntaristic stimulation and incentives for the production systems towards regional specialization, producer’s professionalism, commodity chains and the market-orientation” was not aggressively pursued by the central and local government machinery. Not until the last quarter of 2007 when the

Head of State challenged the Ministry in charge of Agriculture and its stakeholders and ordered that a measurable programme be designed and implemented with immediate effect. Thus the crop intensification programme – CIP was born.

From Subsistence to Surplus: The Crop Intensification Programme

The CIP was launched in September 2007 as a flagship programme under the Strategic Plan for Agriculture Transformation that targeted raising productivity in crop production (Ministry of Agriculture and Animal Resources 2010:11). The programme focused on six priority crops, which are maize, wheat, rice, Irish Potato, beans and cassava. Taking into consideration its climatic and soil conditions as well as crop rotation, every district decided on a combination of crops to grow in a given season. Targets were set at the national and local level in terms of the volumes to be produced, areas to be covered in a consolidated manner, yields per hectare, inputs to be applied (improved seeds, fertilizers), and extension services provision.

The programme had a quick and significant impact on the living conditions of the rural population. At the time CIP was initiated in 2007, 70% of the districts were food-insecure, but three years later, all the 30 districts were food-secure with 40% of the districts exceeding by far the necessary kcal requirements[66].

The CIP was implemented along four main action areas, namely the streamlining of inputs markets (demand and supply), the land use consolidation, the provision of proximity extension services and post-harvest handling and storage as an initial step to securing the market for agriculture output.

[66]MINAGRI Cabinet paper on Crop Intensification Progress Report, presented to the Cabinet in June 2010.

Developing the input market

The development of the agricultural input market is hereby highlighted as an example of the connectedness spectrum in action, especially its response activation side. The use of agricultural inputs in Rwanda was quasi-absent for a long period. In 2002, only 5% of farmers applied chemical fertilizers (Government of Rwanda 2002:40) bringing the national average to 4.8kg per hectare. At the launch of the Crop Intensification Programme, the proportion was raised to 11% of farmers using chemical fertilizers while the average fertilizer use had reached 8kg per hectare. Two years of CIP operationalization saw a major shift in fertilizer use that tripled between 2008 and 2010, from 8 kg to 23 kg per hectare (IFDC 2010:7).

The CIP did not only contribute to generating increased demand of fertilizers but also the programme triggered many structural shifts in the fertilizer market, making it more viable. In 1998, the government had stopped the free provision of fertilizers and embraced full privatization of the business (IFDC 2010:9). Despite a good incentive package[67] the market-driven system collapsed because of many reasons. Firstly, there was a coordination failure at the level of matching supply and demand. Dealers in the fertilizer business focused on cash crops such as coffee and tea where farmers were more organized, leaving the food crop sector unattended. On the other hand, farmers were yet to develop a culture of using fertilizers in order for the demand to be sustained. Government was lacking in putting in place a pro-active strategy to bring the two sides of the market to connect.

Secondly, the private sector action was scattered, with small-scale businesses dealing with importation and distribution of the product. The lack of economies of scale justified the

[67]Exemption of import duties and tax on turnover and a 50% subsidy on loan interest rate

exorbitant prices charged on fertilizers, thus hindering the growth in demand even further. Weaknesses registered in the quality control mechanism could be cited as the third reason behind the fertilizer market failure. Sometimes, fertilizers were sourced from unreliable places, measurements were not respected, expiry dates were not controlled, all of which spoiled trust that farmers had in the system. The results were so disappointing that government had to reverse the fertilizer privatization policy in 2006 (IFDC 2010:10).

Under CIP, the government played a pro-active role in re-stimulating the market appetite for fertilizer trade, which was gradually achieved through the voucher and auction system, with the ultimate goal to bring all the supply chain back in the hand of the private sector. The providers of extension services acting as change managers also played an important role in facilitating this structural transformation.

In the initial phase, Government planned and executed bulk importation of fertilizers as a matter of budget expenditure. This arrangement guaranteed the availability of the product, improved its timeliness, and reduced the cost of the product thus rendering it more affordable to the farmers. Once the product reached the country, it was sold in auction to the private distributors using floor prices communicated in advance. Government made an extra effort to further reduce the cost to the farmer and to the distributor. For the farmer, by subsidizing the farmer level price by a 25-33% and offering him/her the possibility to pay 50% of the subsidized price in cash and the rest in voucher[68] form, and to the distributor, by allowing a floor price (publicized) that is lower than the subsidized farmer level price (also publicized) such that the auction price will be somewhere in between the two values.

[68]Vouchers give the bearer the right to 50% discount on the farmer level price of fertilizers. The dealer redeems the voucher at a participating financial institution that pays him/her the equivalent in cash. All in all, the dealer gets the totality of the price in cash, but with a deferred factor, i.e. the time it will take him/her to go to the financial institution.

The auction and voucher system had the merit to encourage participation from the farmers and dealers alike, with the hope to see them grow and gain more confidence in the market. The mere factor of witnessing firsthand the benefit of applying fertilizers persuaded many farmers to make an independent decision to buy them without necessarily being pushed by government (either using a stick or a carrot) to do so. For the dealers, the guaranteed demand of fertilizers (out of aggressive implementation of CIP targets by farmers and local leaders) had the potential to render their financial position more sustainable as they improved their experience of the market over time (IFDC 2010:11).

In 2009, the voucher system had to be discontinued for some months while working on a technical solution that would ensure rapid allotment and printing of a voucher. Such improved system was soon developed leveraging the state-of-the-art Rwandan ID system whereby a swipe of his/her electronic identity card sufficed to identify a farmer in seconds while a Bluetooth printer instantly produced the voucher bearing his/her name, the type of crop and area planned as well as the corresponding face value of the voucher in terms of fertilizer subsidy. The whole procedure was performed by the service provider assigned to the area Continuous improvement of the system envisaged using permanent smart cards in lieu of the vouchers printed every season, with the ultimate goal to extend their application to other inputs and financial products (Ministry of Agriculture and Animal Resources 2010:25).

Government also had taken the lead to procure a fertilizer plant, which would be privatized at an appropriate time upon rising private sector's interest in the business. Under the Crop intensification programme, the use of improved seeds had increased significantly, from 3% in 2008 to 40% in 2010. Maize came on top of the list with maize seeds needs covered at 74% in

2010 (IFDC 2010:15; Ministry of Agriculture and Animal Resources 2010:11). However, more was yet to be done to strengthen the seeds market system as was the case for fertilizers.

From scattered crop mixing to land use consolidation

Land use consolidation is one of the flagship strategies of the Rwanda Crop Intensification Programme. The strategy enabled the realization of economies of scale in the rural farming where the average holding was less than half a hectare. At the beginning, farmers exhibited different levels of reluctance, but as the years passed by, farmers experienced the benefits of reduced transaction costs in inputs application, easy access to proximity extension services, accessibility to markets, and increased land and crop productivity overall (Ministry of Agriculture and Animal Resources 2010: 12). The programme had a positive impact by enabling (i) "mutual education process between central and local governments, farmers and local authorities" and (ii) externalities for extension, finance and markets through economies of scale, reduced production costs and increased bargaining power for farmers (IFDC 2010:36-8).

The pace at which local communities implemented the policy depended on a number of hard constraints (budget), including the availability of improved seeds and the fertilizers, as well as extension service coverage. Soft constraints included the degree of aggressiveness of the local leaders in mobilizing the population on the one hand, and the buy-in of the farmers on the other hand. Despite these constraints, however, good performance of the policy was registered as follows: Overall, consolidated land increased from 28,788 Ha (2% of total arable land) in 2008 – the first year of the programme to 254,000 Ha (19%) in 2010 then 503,000 Ha (37%)

in 2011. According to the district plans (Imihigo 2011/2012), it was planned to hit 662,000 Ha (48%) in 2012[69].

Before the introduction of the Crop Intensification Programme, farmers used to depend on their small pieces of land to grow almost everything they needed for their subsistence. Understandably, this resulted in considerable missed economies of scale, as well as losses in crop productivity.

Land use consolidation was adopted as one of the CIP strategies, to encourage farmers in a locality to synchronize their planting calendar, the crop planted per season, and the application of agricultural inputs. The type of crop to plant in a season was chosen depending on the climatic conditions of the area, and by taking into consideration the rotation of crops to sustain yields.

Initially, the introduction of this practice faced resistance from the farmers. In some areas, farmers would not listen to the call to stop cultivating the crops that were not scientifically proven to be suitable for the area. That was the case in Southern Province for instance, where the cultivation of banana for beer was predominant, yet that crop did not produce enough yields compared to cassava or maize. Virtually every homestead in the area was surrounded by banana plantations, most of which were in a devastated state: stunted banana trees with yellowish leaves and very tiny bunches, etc. In the same banana fields, farmers would grow beans, maize, sweet potato, even cassava, a factor that undermined crop productivity even further. But because of a long tradition of producing the local beer/wine from the banana and

[69]Prime Minister's speech at the presentation/signing of district performance contracts between the Mayors and the President of the Republic, Kigali, 26th July 2011.

the security it offered in terms of regular albeit small incomes, farmers were not ready to abandon or at least reduce the size of banana fields.

The way local leaders handled the transition from old practice to the new method of cultivating also affected the final outcome. In some districts, overzealous leaders exercised coercion, by cutting the banana trees from the farmers' yards without engaging them to secure their consent. The approach backfired. Such practice referred to as "shortcut politics" by the President of the Republic when he addressed the 2008 National Dialogue, created malaise in the population and rendered unpopular the measures that were otherwise very effective. Policy makers were invited to get rid of shortcut policies and engage in meaningful discourse with the farmers instead.

Kirehe local leaders had to deal with the farmer reluctance issue but in a rather positive and constructive way. Farmers of Kirehe district were faced with an issue similar to the banana one in Southern Province, but in their case, it was sorghum. Kirehe farmers used to produce large amounts of sorghum, a crop they preferred because of its resistance to dry conditions. Sorghum was also perceived an easy crop as it did not require too much care between the planting and harvesting periods. Sorghum was planted twice a year, in Season B (January) and Season A (September). However, the crop yields were reducing year after year because of lack of rotation.

The introduction of maize as alternative was of big benefits in terms of yields and income potential, but the fact was initially ignored by the farmers who wanted to keep in their comfort zones. In the focus group discussions held in Mahama Sector on 21/9/2010 (Group Discussion 1), farmers and local leaders confirmed that it took them a demonstration garden and some computing device to show to farmers tangible results that would resolve them to adopt the change introduced by CIP. Ever since, maize cultivation and crop rotation were implemented without any resistance, and it even happened to provide higher yields for sorghum planted in soils where CIP crops had just been harvested (thanks to some fertilizer left-over).

A female participant of Group Discussion 1 explained how initially, she and her neighbours resisted the proposal communicated by the Governor of the province to stop mixing crops and consolidate on farming maize. Farmers wondered how one can feed a child on maize only, without beans. They continued mixing beans and maize in the hide until extension workers discovered it. The sector agronomist and extension workers assisted them to manage the transition by (1) allowing farmers to mix the two crops but to do it correctly (alternate rows of maize and beans, observe distance between planting holes, etc.) and (2) running a demonstration in a model field.

A farmer volunteered a piece of land and availed it to the technicians to use it for demonstration. Ownership remained with the farmer who later on enjoyed the harvest. The neighbours were convinced by comparing the yield they got in their own farms using the traditional method and the yield of the demonstration field. The latter was significantly higher than the former. For the following planting seasons, farmers did not need more convincing. They resolved to plant maize only for Season A (starting in September) after learning about the usefulness of practicing crop rotation and being allowed to cultivate sorghum and maize in Season B (starting in January). A male participant from Musaza sector testified along the same lines.

Preaching by example was as an eloquent way of securing the buy-in of people in favor of policy action for change. An old man from Group Discussion 1 testified to this in his interventions. He shared his personal experience of how he had resisted land consolidation for maize planting, until he saw the Prime Minister in his welly boots working with the farmers in the fields as the Prime Minister came to launch the CIP programme in the area. According to this old-aged farmer, no local leader, no service provider, no agronomist was required for him to be convinced about the benefits of the land consolidation. Simply by meditating on why "Number 2 in Government" – that was his way of mentioning the Prime Minister – should waste his time joining Kirehe farmers to plant maize if the policy was not making some economic sense, the farmer could realize that he had to play along. The farmer trusted the Prime Minister, and decided to change because of his example.

The Prime-Minister-in-welly-boots example is an illustration of the instances whereby a politician can at the same time play the role of change manager. Likewise, agronomists doing the demonstrations and going around assisting farmers in their fields acted as change managers. In the interview held with the mayor of Kirehe district on 21/9/2010, the mayor summarized the key factors behind Kirehe success in one word: leadership. He emphasized that it was not any kind of leadership that made a difference. In Kirehe, leaders were active, working with farmers to guide them while valuing their contribution as well. Leaders were therefore more empowering rather than authoritarian.

The mayor pointed to an initiative they took to institutionalize "Abajyanama b'Ubuhinzi" or Farmer counsellors. These were role-model farmers selected from the grassroot Umudugudu (Village) level and Akagari (Cell) level up to Umurenge (Sector) level. These farmers provided a good link between policy makers and the farmers. They were used as effective communication channels to coordinate the implementation of the season calendar (when to plant, when to apply fertilizers, etc.). As a result, ownership of the crop intensification activities by farmers increased, because the farmers took it not as a coercive action imposed by the leaders but as a lucrative project managed by their peers.

The mayor also mentioned flexibility in implementing policies as one of the guiding principles the district endeavoured to observe (Group Discussion 1). As one participant in Group Discussion 1 complained that the area where he lived was not suitable for maize farming but was better for cassava, the mayor took the commitment to do the needful assessment and change strategy according to the findings. Indeed, not all the places in Kirehe were consolidated for maize. Some sectors were better producers of banana, others specialized in coffee, following the same guiding rule: what makes more profits to the farmer. In Kirehe District, 17,000Ha out of 53,000 Ha of arable land (32%) was consolidated in use in 2010, 36900Ha (70%) in 2011 and 39000Ha (74%) projected to be consolidated in 2012. This is well beyond the national average of 19%, 37% and 48% respectively.

It was reported that with the intervention of ENAS, the service provider company, farmers are now willing to use fertilizers, but repayments of the fertilizers received before the introduction of the voucher system has become a challenge (Group Discussion 3). Two success factors were identified to have facilitated the quick consolidation of land use in Kirehe. Apart from the resettlement pattern (settlement organized in villages – imidugudu) that enabled the release of land for farming activities, another important factor was an effective network for change management. This role was played equally by the local leaders and technicians, but also, and more importantly, by the service provider who at the same time was a native prominent farmer who enjoyed good knowledge of the region and good working relationship with the local leaders and the police (IFDC 2010:30; Group Discussion 2).

<u>Change management through proximity extension services</u>

The lack of effective change management has been a pull-back factor in the implementation of agricultural policies. That is why the Rwanda Crop Intensification Programme (CIP) deliberately sought to elaborate clear strategies in this regard. The programme was devised against the background of an environment where "the agricultural extension has been, for a long time, considered as the primary responsibility of public services. It has been, on the whole, characterized by directive and administrative approaches, with a little impact as far as adaptation of extended technologies and agricultural transformation are concerned" (MINAGRI 2004b:20). Departing from this top-down dispensation was necessary but not an easy task to do.

A SWOT analysis of the CIP revealed that despite good progress made in other components such as land consolidation, there was still poor coordination in the provision of inputs (especially on the demand side) and in the organization of outputs market, leading to high transaction costs (IFDC 2010:36-8). This was an indication that there was still big room for improvement in extension services.

Extension services were carried out by a number of stakeholders in a more or less structured and complementary way. Firstly, extension service was the responsibility of the Ministry of Agriculture and Animal Resources that oversees this function through the Rwanda Agriculture Board. The Board hired service providers to manage the extension services at District level, as a first step of establishing a market mechanism for the system. A service provider was assigned one or more districts depending on their network coverage, and was given targets to be achieved per season in terms of land to be consolidated. The service provider in collaboration with grassroots leaders (at the village level) identified and mobilized farmers around the target. The service provider then allocated one technician agronomist for every 500 ha of the consolidated land to ensure proximity service to the farmers. The sector agronomist supervised the work on the ground while the district team performed the coordination, both levels being part of the local government.

The dual oversight of the extension delivery, namely by the central government through the Agriculture Board and by the local government through the authorities and technical staff at the sector and district level had created issues in some cases. For instance, the former requested the service provider to set the target high (in the interest of fast-tracking development on the side of the central government, which benefited the service provider as his/her pay depended on the target) while the latter would wish to set the bar relatively below their potential level in order to maximize the chance of scoring high in Imihigo - performance contract- at the end of the period.

Discussions with Kirehe CIP stakeholders which took place on 6 April 2011 (Group Discussion 3) revealed that there were still challenges with the approach used in target setting: on the one hand, a central government-given target was perceived disconnected from the reality on the ground, thus hampering ownership. Sector and district technicians were of the view that the bottom-up approach in planning for the land to be consolidated in a particular season was the best way to go, despite the likelihood of understated targets.

Nevertheless, the use of private service providers had benefits in the long run. It was expected that in the long run the Agriculture Board would discontinue paying for the service and leave it to the farmers to take charge of the cost of hiring a village extension agent once the farmers would have internalized the benefit of employing one. As a matter of fact, this transition already started to work in the livestock sector where, in 2011,artificial inseminations were done at 30% by private service providers hired by farmers on commercial basis.

Secondly, farmers associations provided extension services to their members. It was being recognized that the "appropriation of extension by farmers' associations is a source of efficiency and sustainability" (MINAGRI 2004b:21). The network of grassroots farmer organizations such as IMBARAGA and INGABO were among the famous ones.

Thirdly, there were other informal and formal mechanisms of proximity, such as the community role models, and the Farmer Field Schools. The Farmer Field School (FFS) is "an extension approach based on participation of farmers' communities who are involved in solving agricultural problems and experiencing the different innovations before their adoption and/or rejection. In this approach, it is avoided to go for a top down system but it is participatory where farmers are asked to give their contribution in (i) identification of the problems and eventual opportunities, (ii) testing and validating options and solutions, and (iii) adopting them in their own fields. The FFS approach gives a suitable platform for developing interactions between extension, research and farmers to farmers" (Ministry of Agriculture and Animal Resources 2011:5). Through the FFS, role model farmers had played an important role in seed multiplication, in demonstration (facilitate study tours for fellow farmers in the neighborhood and from other Districts), among other things.

The model extension services used in Kirehe District was a combination of the first type – private business – and the third mode – community role model –. The role played by farmer cooperatives was much less but improving over the years albeit at different pace depending on the sector (Group Discussion 1 revealed that Musaza, Kigarama and Kigina sectors were better organized than Mahama sector).

The owner of ENAS, a company hired to provide extension services in the District, is also a native of the District and a very prominent farmer of the area who played a major role in the input and output markets. He owns a grain drying facility and has been purchasing maize and beans from the farmers to supply domestic and regional markets cross border. ENAS boss controls a partnering wide network of input dealers. He commends high levels of moral authority, trust and esteem from the local communities. He has hired local young graduates to help him implement the voucher system especially with the recording of participating farmers. Because everyone knows everyone else in the system, risks of misreporting (exaggerating area cultivated, for instance) on the part of farmers were largely mitigated. As a result, ENAS was qualified the best performing of all service providers as far as efficiency in the application of the voucher system was concerned (IFDC 2010:17).

Post-harvest handling and marketing

The crop intensification programme has put more efforts in streamlining this component, which was decided well after the other three components had started to be implemented. It was in this context that a special Task Force was created within the Ministry of Agriculture and Animal Resources to be in charge of post-harvest. The task force has set out to improve harvesting techniques, drying, storing, and transportation techniques that will ensure the quality of the produce is kept while reducing post-harvest losses that currently go as high as 30-40%.

Overall, CIP has realized tremendous results. Change management was mainly performed in partnership between the central government, the local leaders, the private enterprise and the social networks such as cooperatives and farmer field schools. Main factors behind change were:

- Knowledge acquired through training, demonstrations and learning by doing;

- Economic value perceived in higher productivity and link to markets;
- Persuasion and confidence building performed by different players in the extension and mobilization circles;
- Coordination on the ground, i.e. between local government, service providers, inputs dealership and the security organs.

However, sustaining these achievements remains critical. According to the Minister of Trade and Industry[70], financing (hence the active role of the financial sector) has been a missing link to ensure the sustainability of the crop intensification programme. This point was shared by the Kirehe district service provider who has been looking at access to finance through the facilitation of the Savings and Credit Cooperatives at every sector level. They both identified the prerequisites for the financial sector to get involved in a meaningful manner.

These include the perfecting of the marketing chain from farm to market, itself depending on how the farmer cooperatives get fully owned by their members, better organized and managed professionally. Other institutional arrangements needed to complete the picture are the processing facilities (turn-around plans implemented to resuscitate the dormant and struggling ones), the storage facilities and commodity exchange (setting up of a purpose vehicle company to lead in the grain and cereal trading, among other institutions), It is only in an environment like this that the warehouse receipt system will take shape[71]

---

[70] Comment made by Hon. Kanimba at the Monetary Policy and Financial Stability Statement Workshop organised by the National Bank of Rwanda on 9 August 2011.

[71] Warehouse receipts are legally treated as securities which farmers can use as collateral to get loans from their banks and microfinance institutions, which they will repay using the proceeds of the sold grain or cereal as this falls due.

Partial Conclusion

The present research work explored the case study of the Rwanda rebuilding, as an illustration of the connectedness model in action. The reader may recall that the model was framed through a retroductive process, confronting field experience, theory and methodology to explain how a government can develop partnerships with private actors to successfully implement its economic development strategies/policies. Through the account of Rwanda's economic performance in general and agriculture development in particular, conditions under which such partnerships, or the absence of them, worked for, or against, intended policy objectives were highlighted.

The analysis of the Rwanda case study identified the presence of connectedness features which increased as the years passed and varied in space as well in a relationship such that better performance was observed when and where connectedness features were more intense. That was the case of EDPRS (starting in 2008) period compared to PRSP1, the former being more successful than the latter. Similarly, Kirehe District performed better than other districts of the Eastern Province, while Mahama sector was not as successful as Musaza sector for instance, owing to the differences in farmer ownership of cooperatives. It was not a simple coincidence that EDPRS overlapped with the crop intensification programme (CIP) which was the main contributor to the first and EDPRS flagship, namely sustainable growth for jobs and exports. The crop intensification programme enjoyed more connectedness in action which explains the success it recorded so far.

A look back to the critical conditions backing the connectedness model, namely, strategic management, institutions, flexibility bounded by the vision, and critical mass of active believers in the vision, shows unbalanced achievements. Conditions for strategic management coupled with good strategic planning were observed to be fairly good. The crop intensification programme was designed and implemented swiftly. It was improved upon progressively as actors learned lessons from the ground. So was the consensus building process around the programme and the general buy-in and support to the programme. Supporting institutions were created through innovative approaches which enhanced accountability of policy makers while correcting for market failures.

However there was a flaw of an institutional nature as far as handling post-harvest management and the marketing of the produce were concerned. The sharing of mandate between the Ministry of Agriculture and Animal Resources and the Ministry of Trade and Industry was not clear enough at the beginning of the crop intensification programme. This was costly in terms of wasted harvest that could go as high as 30-40% in terms of losses. The mandates were only clarified after the break-out of a crisis in marketing the 2009 A maize harvest. A dedicated task force was created within the Ministry of Agriculture and Animal Resources to manage the post-harvest activities (from harvesting to drying and storing). The Ministry of Trade and Industry was assigned the lead-role in ensuring the link to markets including to the processors.

Another institutional weak connection was identified with the cooperatives. Farmer cooperatives to a large extent failed to hold their members accountable in terms of preventing moral hazard like in the case of weak enforcement of reimbursement of fertilizers after selling the harvest. There was a risk associated with the lack of ownership of the cooperative activities by many members, which hampered their efficient organization.

Finally, an effective framework for mobilizing the civil society (international and national non-government organizations and the academia) and the private sector (especially investors and the financial institutions) was lacking. There was therefore a need to mainstream those actors as important links in the chain.

General Conclusion

The present study interested itself in understanding the factors that could explain the differences in economic development performance of countries. After establishing that the content of the policy measures was not the issue (countries having implemented similar policies with different outcomes), the study was remained with investigating how the policies got implemented. This work was therefore a study of policy processes. For so doing three objectives were set, namely to explore theoretical, methodological and empirical conditions under which a policy can fail or succeed; to synthesize such key features in a harmonized framework; and to illustrate the functionality of the model by applying it to an empirical example, Rwanda in this case.

Economic development activity is a collective effort involving actors in public and private domains. Economic development policymaking is a complex and time consuming process, having to deal with people's minds, attitudes and behaviors to cause meaningful change in society. The process involves a set of private choices that amalgamate into some kind of social equilibrium. The overall performance depends on the outcomes of individual agents' optimization processes, themselves being constrained by the limited cognitive capacity of private actors making decisions. Inevitably, the uncertainty facing agents taken individually is escalated at the community/macro level in an even more pronounced manner. Failing to address this uncertainty leads to policy failure.

Policy makers have to deal with this uncertainty of policy outcomes in a rather pro-active way. They have to create conditions necessary for the stimulation of a positive response to policy. In so doing, policy makers will act at least from two fronts. On the one hand, policy makers have to adopt a methodology that enables private actors to feel that they are part of the change intended by policy. Such methodology ought to be empowering enough to release target groups from different traps holding them on sub-optimal paths, and enlightening enough to widen the information set from which private actors draw their decisions. On the other hand, policy makers ought to cater for institutions that are critical to support the recommended methodological approach.

Many countries in the developing world are still faced with the policy design and implementation challenge. This thesis covered a number of reasons why this is still the case: from imported models that do not fit the specific context of an economy, to policies that lack ownership, to weak states that lack the political will to implement hard choices, to faulty and/or missing institutions such as markets and others, to target group's compliance deficiency, to highlight just a few.

One of the most recent models, the Poverty Reduction Strategies (PRSs) globally measured by the Millennium Development Goals yardstick, was assessed in more details as a case study. Three main results obtained from the analysis. Firstly, it was established that although the PRSs are participatory by design, they still leave significant room for improvement in the methodology used. The case was made for the need to go beyond consultation with stakeholders, which is in most cases done once at the time of policy elaboration, to embrace continuous engaging strategies, making the so-called beneficiaries appreciate that they are the only actual agents of their own change.

Secondly was the need to revisit "monitoring and evaluation" (M&E) in practice to put more focus on monitoring, which becomes a continuous task as well, not to be left to program evaluation experts who do it once in months or years. Instead, monitoring is the bread and butter of connectedness in policy delivery whereby change managers and policy makers alike get the opportunity to continuously assess individuals' behaviors and adjust targets and actions of their strategies as dictated by the reality on the ground.

Thirdly, a closer look at PRS experience in many countries including some success stories like China, South Korea and Mauritius led to a conclusion that the dichotomy state-versus-market is irrelevant for explaining policy failure or success. The most significant determinant of success has been how the state and the market interact with each other in a win-win situation. In other words, where economic development policy has achieved successful results, it has been found that having in place the leadership capable of doing the right thing right has made the whole difference. The example of how Rwanda quickly recovered from the 1994 Tutsi Genocide, restored national unity and social cohesion, created innovative institutions and set the country's economy to a high-growth path including tremendous transformations in the agricultural sector had more insights to offer in this regard.

It was finally argued that although political leadership matters for the success of economic development policy design and implementation, private sector response to economic development policy is yet another important success factor. The fact that leaders have the responsibility to create conditions such that private actors' rational behaviours match long-term goals of the policy implies that the private actors' response deserves to be treated as an endogenous variable of the process and to be planned for accordingly (through appropriate mechanism design). That is what the present study calls "capturing the private sector's spirit", a concept that was borrowed from one of President Kagame's statements.

To rationalize the above mentioned results, the present study proposed the connectedness model as a normative description of the how of a successful policy making process, which was arrived at by (i) combining elements of theory, methodology, and practical experience relevant to policy success/failure, and (ii) making retroductive inference from some Rwandan living experiments. The model defined four actors of a policy, namely the politician, the policy expert, the change manager/consciousness nurturer, and the private agent and characterized the types of relationships that ought to be entertained between and among these actors for success to happen. The model assigned an important role to the change managers who are players in and outside public administration in so far as they fulfill the responsibility of raising consciousness of private actors by facilitating their learning process and rational decisions in a way that can match long-term goals of the policy.

The model also elevated the place that private actors hold in determining the policy outcome. Indeed, private agents play an important role as implementers of the policy since they are the ones to be affected in the last resort if any change is to take effect. A new policy alters the structure of property rights; affects the set of preferences; redefines agent's expectations; induces change in behaviour; etc. all of which will make private agents behave in a certain way depending on the institutional framework put in place by the policy makers. The Connectedness model holds that the more the four actors are coordinated, share the same vision and are engaged in consensus building mechanisms, the higher the likelihood for the policy to deliver according to plans.

The Connectedness model ultimately simulates a world of four players, well informed and coordinated through an appropriate methodology capable of reducing tensions, engaging in meaningful discourse, making private actors feel empowered and motivated to disclose their private information and to cooperate as they work hard to lift themselves out of a sub-optimal situation. Policymaking becomes a dynamic game in which government in partnership with private actors defines what is to be achieved and not what government is to do for them.

More specifically, the connectedness model proposes solutions to the old issues such as; how to improve compliance with policy, how to create relations of trust, how to deal with the principle-agent problem, balancing between state and market, institutions design, etc. Three implications may be drawn from this work: on theory, methodology and policy practice respectively.

Implication on Growth Theory

The neoclassical model referred to as the Solow-Swan model recognizes that total output Y is a function of two factors, labour (L) and capital (K), assuming technology (A) a given exogenous variable and diminishing marginal returns.

Agenor and Montiel observe (1999:669): "Traditional neoclassical approaches, which attribute growth to exogenous technological progress, are incapable of explaining the wide disparities in the pace of economic growth across countries. In the past few years considerable efforts have been devoted to understanding the sources of growth and explaining the divergent patterns observed across countries".

In addition to human capital, knowledge, and financial intermediation that form the corner stone of the "new growth theory" (Agenor and Montiel 1999:671), this research has highlighted the existence of a variety of other "endogenous" mechanisms that foster economic growth, and has suggested new roles for public policy. On the one hand, the present work has joined the most recent findings that leadership is yet another endogenous factor that explains growth differences between countries. Further still, this work proposes agents' "spirit" as a new factor to consider in explaining growth performance.

Each of the independent variables (K and L) and the exogenous variable (A) in the growth model can be further defined (and operationalized) in terms of the above-mentioned variables and the role played by the institutional relationships embodied in the Connectedness model – an area for future research.

One possibility would be to use Solow's (following Romer's) "effective labour" in $Y = K^{\alpha} (e L)^{\beta}$, and define e in terms of a dummy variable, d, which takes the value of 1 when the connectedness model has been applied, and 0 when it has not been applied suggesting that connectedness in action enhances labour productivity, with $e = eh (d) + eL (1 – d)$ where eh and eL represent a high and a low level of labour productivity, respectively.

Methodological Implications

Agenor and Montiel (1999) argue that uncertainty of policy reform is due not only to the credibility of policymakers, but also to the unknown effect of the reform on the structure of the economy thus calling for expectations of economic agents (Agenor and Montiel 1999:770).

Although the authors overlooked capturing the uncertainty of agents' behavior itself, the present study totally subscribes to the general recommendation they arrive at (Agenor and Montiel 1999:777, 778), namely "focusing on behavioural features of private agents" and on "the use of dynamic optimizing models with explicit microeconomic foundations (…) to become the standard methodological approach in development macroeconomics".

Implications on Policy Practice

One single general recommendation is that policy-making exercises ought to pay attention on the methodology used for the process. Policy design has to go beyond articulating the content and cover how implementation is going to be organized.

Specifically for Rwanda, it is recommended that more structured and systematic work has to be done by different institutions in central and local government to organize change management with a local content. There is need to create a critical mass of change managers in all walks of life of Rwandans. Referring to the nexus of connections in the connectedness model, Rwandan leadership has to tighten the "politician-change manager connection" by coming up with dedicated innovative institutions and mechanisms like they have done so well with the rest of the connections. For instance, making sure key actors in change management are also invited to take part in the leadership retreats may add some value to information sharing and policy ownership and buy-in. Similarly, creating think tanks, and integrating evidence produced by research in social fields such as sociology and psychology may increase effectiveness in handling behavioural issues as endogenous factors of the policy process.

Bibliography

ACEMOGLU, D. and J. ROBINSON, 2010. "The Role of Institutions in Growth and Development" in Brady & Spence, 2010. *Leadership and Growth*. Washington: The International Bank for Reconstruction and Development/The World Bank: 135-164.

AGENOR, P.-R. and P. J. MONTIEL, 1999. *Development Macroeconomics. 2nd ed.* Princeton: Princeton University Press.

AMBROSE, S., 2000. "Poverty Reduction & Growth": A New Mask for Structural Adjustment." *Economic Justice News Online 3(3)*: September. (**http://www.50years.org/cms/ejn/story/150**).

ANDERSON, J. E., 1979. *Public Policy-Making. 2nd Ed*. New York: Holt, Rinehart and Winston.

ANDERSEN, H. and L.B. KASPERSEN (ed.), 2000. *Classical and Modern Social Theory*. Oxford: Blackwell Publishers.

ARROW, K.J., 1963. *Social Choice and Individual Values. 2nd Ed.* New York: John Wiley & Sons, Inc.

BABBIE, E. and J. MOUTON.2001.*The Practice of Social Research.* Cape Town: Oxford University Press Southern Africa

BARDHAN, U. and C. UDRY, 1999.*Development Microeconomics*. Oxford New York: Oxford University Press.

BAUM, K.H. and L.P. SCHERTZ (ed.), 1983. *Modeling Farm Decisions for Policy Analysis.* Boulder, Colorado: Westview Press.

BELLO, W. *Structural Adjustment Programs: "Success" for Whom?* In "The Case Against the Global and For a Turn Towards the Local." **http://www.converge.org.nz/pirm/structur.htm**.

BERNARD, H.R., 2000. *Social Research Methods. Qualitative and Quantitative Approaches.* London: Sage Publications, Inc.

BLACKHOUSE, R.E. (ed.), 1994. *New Directions in Economic Methodology*. London: Routledge.

BOWLES, S., 2004.*Microeconomics.Behavior, Institutions, and Evolution.* New York: Russell Sage Foundation.

BRADY, D. and M. SPENCE (ed.), 2010.*Leadership and Growth*. Washington: The International Bank for Reconstruction and Development/The World Bank on behalf of the Commission on Growth and Development.

BROUSSEAU, E. and J.-M. GLACHANT, 2008. "A Road Map for the Guidebook" in Brousseau & Glachant, 2008.*New Institutional Economics – A Guidebook.* Cambridge: Cambridge University Press. http://www.brousseau.info/pdf/books/NIEGuidebook_raod_map.pdf Visited 19 July 2010.

BUCHANAN, J. and G. TULLOCK. 1999. *The Collected Works of James M. Buchanan, Vol. 3. The Calculus of Consent: Logical Foundations of Constitutional Democracy.* Indianapolis: Liberty Fund. Available on **http://files.libertyfund.org/files/1063/Buchanan_0102-03_EBk_v6.0.pdf** Visited on 11/1/2012.

CALDWELL, B.J., 1982. *Beyond Positivism: Economic Methodology in the Twentieth Century.* London: George Allen and Unwin.

CARDOSO, F.H. and E. GRAEFF, 2010. "Political Leadership and Economic Reform: The Brazilian Experience in the Context of Latin America" in Brady & Spence, 2010. *Leadership and Growth*. Washington: The International Bank for Reconstruction and Development/The World Bank: 195-226.

CHALMERS, A.F., 1999. *What Is This Thing Called Science? 3rd Ed.* Berkshire: Open University Press CHOI, K. and C.-S.CHUNG (ed.), 2006. *Economic Development and Economic Policy in Korea*. KDI School of Public Policy and Management. COHEN, S.I., 2001. *Microeconomic Policy*. London & New York: Routledge.

COLLIER, P. and GUNNING, J.W., 1999. "Why has Africa Grown Slowly?" *Journal of Economic Perspectives* 13(3). Summer: 3-22.

COMFORT, L.K., 1999. "Non-Linear Dynamics in Disaster Response: The Northridge, California Earthquake, January 17, 1994" in Elliot & Kiel, 1999. *Nonlinear Dynamics, Complexity and Public Policy*. New York: Nova Science Publishers, Inc.: 139-152.

COWEN, T. and E. CRAMPTON. 2002. *Introduction to Market Failure or Success: The New Debate.* *Available Online* **http://www.codep.ufm.edu.gt/Seminarios/SeminarioEconomia/randallHolcombe%20%the%20ramsey_files/BookIntro.pdf** ***Visited on 17/1/2012*****.**

DAVID, P., 1997. “Path Dependence and The Quest for Historical Economics: One More Chorus of the Ballad of QWERTY”. *Discussion Papers in Economic and Social History Number 20.* November: 1-48. Available online **http://www/nuff.ox.ac.uk/economics/history/paper20/david3.pdf** Visited on 17/1/2012.

DAY, R.H., 1983. “Farm Decisions, Adaptive Economics, and Complex Behavior in Agriculture” in Baum and Schertz, 1983. *Modeling Farm Decisions for Policy Analysis.* Boulder, Colorado: Westview Press, Inc.: 18-49.

DOING BUSINESS, 2011. *Doing Business 2012.Doing Business in a More Transparent World.* Available online. **http://www.doingbusiness.org/reports/global-reports/~/media/FPDKM/Doing%20Business/Documents/Annual-Reports/English/DB12-Chapters/Country-Tables.pdf** Visited on 21/1/2012.

EASTERLY, W. R., 2001. *The Elusive Quest for Growth. Economists’ Adventures and Misadventures in the Tropics.* MIT Press.

EDWARDS, G. (ed), 1984. *Public Policy Implementation*. JAI Press

ELLIOT, E. and L.D. KIEL (ed), 1999. *Nonlinear Dynamics, Complexity and Public Policy*. New York: Nova Science Publishers, Inc.

EGGERTSSON, T., 1990. *Economic Behaviour and Institutions.* New York: Cambridge University Press.

FALVEY, R. and C.D. KIM, 1992. "Timing and Sequencing Issues in Trade Liberalisation." *The Economic Journal 102(413).* July:908-924.

FAY, B., 1975. *Social Theory and Political Practice*. London: George Allen & Unwin Ltd.

FOUCAULT, M., 1994."Two Lectures" in Kelly, 1994.*Critique and Power: Recasting the Foucault / Habermas Debate*. Cambridge, Massachusetts: MIT Press: 17-46.

GATETE, C., 2011. *Monetary Policy and Financial Stability Statement.* August: National Bank of Rwanda.

GATETE, C., 2012. *Monetary Policy and Financial Stability Statement.* February: National Bank of Rwanda.

GOVERNMENT OF RWANDA, 2002.*Poverty Reduction Strategy Paper*. National Poverty Reduction Programme/Ministry of Finance and Economic Planning.

HAVERMAS, J., 1968. *Knowledge and Human Interests*. Available Online **http://en.wikipedia.org/wiki/Critical_theory** Visited on 31/8/2011.

HABERMAS, J., 1984. *The Theory of Communicative Action Vol. 1 Reason and the Rationalization of Society.* Translated by Thomas McCarthy. Boston: Beacon Press. Available online **http://www.wehavephotoshop.com/PHILOSOPHY%20NOW/PHILOSOPHY/Habermas/J%FCrgen%20Habermas%20Theory%20of%20communicative%20action%20I.pdf** Visited on 10/1/2012.

HABERMAS, J., 1987. *The Theory of Communicative Action Volume 2 Life world and System: A Critique of Functionalist Reason.* Translated by Thomas McCarthy. Boston: Beacon Press. Available online **http://search.4shared.com/postDownload/GK8IBf6t/Habermas_Jurgen_-_The_Theory_O.html** Visited on 10/1/2012.

HILL, M., 2005.*The Public Policy Process.* 4th ed. Harlow: Pearson Longman.

HOGWOOD, B. W. and B. G. PETERS, 1985. *The Pathology of Public Policy*. New York: Oxford University Press.

HORKHEIMER, M. and T. W. ADORNO, 1972. *Dialectic of Enlightenment. Philosophical Fragments.* Edited by Gunzelin Schmid Noerr (2002). Translated by Edmund Jephcott. Stanford, California: Stanford University Press. Available online **http://www.sup.org/html/book_pages/0804736324/Table%20of%20Contents.pdf** Visited on 1 September 2011.

INTERNATIONAL MONETARY FUND, 2000. *World Summit for Social Development and Beyond. June 2000 Follow up. IMF Initiatives in Support of Social Development.* Available online. **http://www.imf.org/external/np/fad/wldsum/120600.htm#III** Visited on 27/7/2008.

INTERNATIONAL MONETARY FUND, 2011. *Povery Reduction Strategy Papers. Factsheet.* Available online. **http://www.imf.org/external/np/exr/facts/prsp.ht** Visited on 11/7/2011.

INTERNATIONAL MONETARY FUND, 2012. *Poverty Reduction Strategy Papers (PRSP).* Available online. **http://www.imf.org/external/np/prsp/prsp.aspx** Visited 20/1/2012.

IMF. **http://www.imf.org/external/np/fad/wldsum/120600.htm#III** Visited 27July 2008.

IFDC/CATALYST, 2010.*Crop Intensification Program (2008-2009) Evaluation Report to the Rwanda Ministry of Agriculture and Animal Resources*. www.ifdc.org

KANIMBA, F., 2003. *Performances récentes de l'économie rwandaise. Rôle de la politique fiscale comme instrument de gestion macroéconomique.* Paper presented in the conference held at the National University of Rwanda on 29 January 2003.

KELLY, M. (ed.), 1994. *Critique and Power: Recasting the Foucault/Habermas Debate.* Cambridge, Massachusetts: MIT Press.

KIM, C.K, 2008. *Korea's Development Policy. Experience and Implications for Developing Countries*. Korea Institute for International Economic Policy.

KIM, K.S., 2006. "Economic Development in the 1960s and the 1970s: A Take-off for High Growth" in Choi and Chung, 2006.*Economic Development and Economic Policy in Korea*. KDI School of Public Policy and Management: 1-22.

KLEIN, P.G., 1999. *0530 New Institutional Economics.* Department of Economics, University of Georgia.

KOO, B.H., 1992. *Sociocultural Factors in Industrialization of Korea.* Occasional Papers no. 32. International Center for Economic Growth.

LEVY, B., 2011. "The Politics of Development". *Development Outreach.* April: 58-63.

LEWIS, A., 1968. *Development Planning.*

LIZANO, E., 1991. *Economic Policy Making. Lessons from Costa Rica.* Occasional Papers no. 21.International Center for Economic Growth.

LOWTAX, 2012. *Mauritius: Offshore Business Sectors.* Available online. **http://www.lowtax.net/lowtax/html/jmuobs.html** Visited on 21/1/2012.

LUCERO-MONTANO, A., 2006. "Horkheimer and Adorno's Dialectic of Enlightenment". *Philosophy Pathways Issue 114.* (**http://www.philosophos.com/philosophy_article_126.html**) Visited on 31/8/2011.

MARTINUSSEN, J., 1997. *Society, State, and Market: A guide to Competing Theories of Development*. London & New Jersey: Zed Books Ltd.

MASKIN, E. (year not mentioned). *Mechanism Design Theory: How to Implement Social Goals.* Institute for Advanced Study. Available online. **http://www.mathforamerica.org/c/document_library/get_file?folderId=88&name=DLFE-718.pdf** Visited on 31/8/2011.

MILLER, T., HOLMES, K.R. and E. J. FEULNER, 2012. *Highlights of the 2012 Index of Economic Freedom.* Wall Street: The Heritage Foundation. Available online. **http://www.iberglobal.com/Archivos/Heritage_Index2012- Highlights.pdf** Visited on 1/2/2012.

MINISTRY OF AGRICULTURE AND ANIMAL RESOURCES, 2004a. *National Agricultural Policy.*Kigali: MINAGRI CentreNational de Documentation.

MINISTRY OF AGRICULTURE AND ANIMAL RESOURCES, 2004b. *Strategic Plan for Agricultural Transformation in Rwanda. Main Document*. Kigali: MINAGRI CentreNational de Documentation.

MINISTRY OF AGRICULTURE AND ANIMAL RESOURCES, 2010. *Strategies for Sustainable Crop Intensification in Rwanda.* Kigali.

MINISTRY OF FOREIGN AFFAIRS OF THE REPUBLIC OF CHINA and UNITED NATIONS SYSTEM IN CHINA, 2008.*China's Progress Towards the Millennium Development Goals 2008 Report.* Available online. **http://www.undp.org.cn/downloads/mdgs/mdg2008en.pdf** Visited on 21/1/2012.

MITNICK, B. M. and R.W. BACKOFF, 1984. "The Incentive Relation in Implementation" in Edwards, 1984.*Public Policy Implementation*. JAI Press: 59-122.

MOHR, P., L. FOURIE, and Associates, 2000.*Economics for South African Students.*2nd Ed. Pretoria: Van Schaik Publishers.

MORGAN, M.G. and M. HENRION, 1990.*Uncertainty. A Guide to Dealing with Uncertainty in Quantitative Risk and Policy Analysis.* Cambridge: Cambridge University Press.

MOUTON, J., 2001.*How to Succeed in your Master's & Doctoral Studies*. Pretoria: Van Schaik Publishers.

MURANGWA, Y., 2012. *EDPRS2, EICV3 & DHS4 Joint Launch. Key Statistics Highlights.* February: National Institute of Statistics of Rwanda.

MUSCATELLI, V.A., 1996. "Introduction" in Muscatelli, 1996. *Economic and Political Institutions in Economic Policy.* Manchester and New York: Manchester University Press: 1-14.

MUSCATELLI, V.A. (ed.), 1996. *Economic and Political Institutions in Economic Policy.* Manchester and New York: Manchester University Press.

NALLARI, R., 2011. "Pathways to Development: What we Know and Don't Know". *Development Outreach.* April: 3-7.

NATIONAL INSTITUTE OF STATISTICS OF RWANDA, 2012. *The Evolution of Poverty in Rwanda from 2000 to 2011: Results from the Household Surveys (EICV).* February.

NET INDUSTRIES, 2012. *Capitalism – Africa – Neoliberalism, Structural Adjustment, And The African Reaction.* Available online. **http://science.jrank.org/pages/8526/capitalism-Africa-Neoliberalism-Structural-Adjustment-African-Reaction.html** Visited on 20/1/2012.

NORTH, D., 1990. The New Institutional Economics and Development. St Louis: Washington University. **http://econ2.econ.iastate.edu/tesfatsi/NewInstE.North.pdf** Visited On19 July 2010.

NSANZABAGANWA, M. and P.A. BLACK, 2002. "Spokes in the Wheels of Trade Reform: An African Perspective". *The South African Journal of Economics* 70 (5). June: 900-911.

NSANZABAGANWA, M., 2002. Trade Reform and Competitiveness in Rwanda. An Introductory Plant-level Analysis of Problems and Policy Requirements. MA Minor Dissertation University of Stellenbosch. Unpublished.

NWONWU, F. (ed.), 2008a. The Millennium Development Goals. Achievements and Prospects of Meeting the Targets in Africa. Pretoria: Africa Institute of South Africa.

NWONWU, F., 2008b."Introduction" in Nwonwu, 2008. *The Millennium Development Goals. Achievements and Prospects of Meeting the Targets in Africa*. Pretoria: Africa Institute of South Africa: 1-7.

NWONWU, F., 2008c. "Eradicate Extreme Poverty and Hunger" in Nwonwu, 2008. *The Millennium Development Goals. Achievements and Prospects of Meeting the Targets in Africa*. Africa Institute of South Africa: 9-36.

OECD, 2005. *The Paris Declaration on Aid Effectiveness.* Available online. **http://www.oecd.org/dataoecd/11/41/34428351.pdf** visited on 12/7/2011.

OECD, 2008. *Accra Agenda for Action.* Available online. **http://www.oecd.org/dataoecd/11/41/34428351.pdf** Visited on 12/7/2011.

ONE WORLD. **http://uk.oneworld.net/guides/mdgs/progress?gclid=CNf5g6CH55QCFQLoIA** Visited 29 July 2008.

OSSREA, 2005. *Regional Conference on "The Assessment of Poverty Reduction Strategies in Sub-Saharan Africa: The Cases of Ethiopia, Kenya, Malawi, Rwanda, Uganda and Zambia."* Nairobi, February-March.

OYEJIDE, A., B. NDULU and J.W. GUNNING, 1999. *Regional Integration and Trade Liberalization in Sub-Saharan Africa*. Vol. 2. London: Macmillan Press Ltd.

PAGE, S. C., 2006. "Path Dependence". *Quarterly Journal of Political Science*. 1: 87-115.

PHERIGO, R., M.E. LEE, G. NEHMAN and R. EVE, 1999. "Environmental Regulation vs. Ecological Self-Regulation: Implications of Complex Adaptive Systems Theory to Regulatory Policy" in Elliot & Kiel, 1999.*Nonlinear Dynamics, Complexity and Public Policy*. New York: Nova Science Publishers, Inc.: 81-95.

RAMA RAO, 2002. "Private Sector in PRSP" in Republic of Rwanda (Minecofin National Poverty Reduction Programme), 2002b. *Poverty Reduction Policies Relevance Test. Volume 5 Sectoral Policy Analysis*. UNR Butare / OSSREA Rwanda Chapter. October: 91-95.

REPUBLIC OF RWANDA (MINECOFIN National Poverty Reduction Programme), 2002a. *Poverty Reduction Policies Relevance Test. Volume 1 Background Framework*. UNR Butare / OSSREA Rwanda Chapter. October.

REPUBLIC OF RWANDA, 2006. *Rwanda Poverty Reduction Strategy Evaluation Report (2002-2005)*. Kigali: Ministry of Finance and Economic Planning.

REPUBLIC OF RWANDA, 2007. *Economic Development & Poverty Reduction Strategy2008-2012*. Kigali: Ministry of Finance and Economic Planning.

REPUBLIC OF RWANDA, 2011. *Rwanda Demographic and Health Survey 2010.* Calverton, Maryland, USA: NISR, MOH, and ICF International.

REPUBLIC OF RWANDA, 2012. *EDPRS: Lessons Learned 2008-2011*. Kigali: Ministry of Finance and Economic Planning.

REPUBULIKA Y'U RWANDA (MINISITERI Y'UBUTABERA), 2011. *Constitution of the Republic of Rwanda of 04 June 2003 as Amended to Date.* Kigali: January: Ministry of Justice.

RODRIK, D., 2001. "Trading in Illusions." *Foreign Policy*. March-April: 55-62.

ROMP, G., 1997. *Game Theory. Introduction and Applications*. Oxford New York: Oxford University Press.

ROYAL SWEDISH ACADEMY OF SCIENCES (THE), 2007. *Mechanism Design Theory.* Available online. **http://www.nobelprize.org/nobel_prizes/economics/laureates/2007/advanced-economicsciences2007.pdf** Visited on 31/8/2011.

RUSUHUZWA KIGABO, T., 2010. "Leadership, Policy Making, Quality of Economic Policies, and their Inclusiveness: The Case of Rwanda" in Brady & Spence, 2010. *Leadership and Growth*. Washington: The International Bank for Reconstruction and Development/The World Bank: 81-97.

SACHS, J., 2005. *The End of Poverty.* London: Penguin Books.

SCHWAB, K., 2011. *The Global Competitiveness Report 2011-2012.* Geneva: World Economic Forum. Available online. **http://reports.weforum.org/global-competitiveness-2011-2012/** Visited on 1/2/2012.

SILVA-HERZOG, J., 1988. *Some Problems in Implementing Economic Policy.* Occasional Papers no. 7. International Center for Economic Growth.

STEIN, R.M., 1984. "Policy Implementation in the Federal Aid System: The Case of Grant Policy" in Edwards, 1984.*Public Policy Implementation*. JAI Press: 125-155.

STIGLITZ, J., 2011. *The Mauritius Miracle.* Available online. **http://www.policyinnovations.org/ideas/commentary/data/000210** Visited on 25/7/2011.

STRUCTURAL ADJUSTMENT NEOLIBERALISM AND THE AFRICAN REACTION **http://science.jrank.org/pages/8526/capitalism-Africa-Neoliberalism-Structural-Adjustment-African-Reaction.html** Visited 29 July 2008.

TAN, Y.Y., A. ENG and E. ROBINSON, 2010. "Perspectives on Growth: A Political Economy Framework – Lessons from the Singapore Experience" in Brady & Spence, 2010. *Leadership and Growth*. Washington: The International Bank for Reconstruction and Development/The World Bank: 99-134.

THE WORLD BANK GROUP, 2011. *Improving the Odds of Achieving the MDGs. Global Monitoring Report 2011.* Available online **http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTGLOBALMONITOR/EXTGLOMONREP2011/0,,contentMDK:22882843~pagePK:64168427~piPK:64168435~theSitePK:7856232,00.html** Visited on 20/1/2012.

TINBERGEN, J., 1952. *On the Theory of Economic Policy*. Amsterdam: North-Holland Publishing Company.

TODARO, M. P., 1989. *Economic Development in the Third World.* 4th Ed. New York: Longman.

TODARO, M. P., 1997. *Economic Development.* 6th Ed. New York: Addison-Wesley Publishing Company.

TRANSPARENCY INTERNATIONAL, 2011.*Corruption Perceptions Index 2011.* Available online.**http://cpi.transparency.org/cpi2011/results/** Visited on 1/2/2012.

TURNER, M. and D. HULME, 1997.*Governance, Administration and Development. Making the State Work*. London: Macmillan Press.

UNDP, 2011. *Mauritius Case Study: Local Ownership of the MDGs.* Available online. **http://europeandcis.undp.org/files/uploads/Milan/Mauritius%20Case%20Study_15Feb.pdf** Visited on 25/7/2011.

UNITED NATIONS, 2000a. *World Summit for social Development, Copenhagen Declaration on Social Development – Part B.* Available online **http://www.un.org/esa/socdev/wssd/text-version/Agreements/decpartb.htm**Visited on 19/1/2012.

UNITED NATIONS, 2000b. *World Summit for social Development, Copenhagen Declaration on Social Development – Part C.* Available online **http://www.un.org/esa/socdev/wssd/text-version/Agreements/decpartc.htm** Visited on 19/1/2012.

UNITED NATIONS, 2000c. *World Summit for Social Development Programme of Action.* Available online : http://www.un.org/esa/socdev/wssd/agreements/poach2.htm. Visited 29 July 2008.

UNITED NATIONS, 2007. The Millennium Development Goals Report.

UNITED NATIONS, 2011a. *Ten-year appraisal and review of the Implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade2011-2010.* Available online **http://www.un.org/wcm/webdav/site/ldc/shared/documents/Ten-Yearappraisal.pdf** visited on 12/1/2012.

UNITED NATIONS, 2011b. *The Millennium Development Goals Report.*

WADSWORTH, Y., 1998. *What is Participatory Action Research?* **http://www.scu.edu.au/schools/gcm/ar/ari/p-ywadsworth98.html** Visited 23/8/2006.

WORLD BANK, 2011. *What are PRSPs?* Available on line **http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:22283891~menuPK:384209~pagePK:210058~piPK:210062~theSitePK:384201,00.html** Visited on 19/1/2012.

YANG YAO, 2011. "Beijing Consensus or Washington Consensus – What Explains China's Economic Success?" *Development Outreach.* April:26-30.

YIFU LIN, J., 2011. "Demystifying Success. The New Structural Economics Approach". *Development Outreach.* April: 20-25.

Appendix

List of interviews and group discussions

1. Interview with the Mayor of Kirehe district held on 21/9/2010
2. Group discussion 1: Group discussion with farmers of Mahama sector in Kirehe district. Invited to participate were one farmer representative each from Musaza, Kigarama and Kigina sectors (21/9/2010).
3. Group discussion 2: High-level group discussions involving Kirehe vice-mayors, army and police commanders and the lead extension service provider (6/4/2011).
4. Group discussion 3: Group discussion with field workers (district and sector technical teams of agronomists, private service provider's staff network, leaders of farmer cooperatives, and the fertilizer dealership (6/4/2011).