Making Details Matter:
How to Reform Aid Agencies to Generate Contextual Knowledge

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ABSTRACT
This essay considers a central problem of reinventing foreign aid in the twenty-first century: how to reform aid agencies to promote a “best-fit” approach to development assistance. In the past, aid agencies pushed developing countries to conform to a universal set of best practices found in developed countries. By contrast, an emergent best-fit approach aspires to tailor aid programs to a variety of local contexts. While this new approach is widely embraced in principle, implementing it is easier said than done. My essay proposes a three-pronged strategy to adapt institutions within aid agencies to support a best-fit approach: (1) build a bank of non-best practices; (2) diversify expertise by creating separate career tracks; and (3) carve experimental pockets. My essay does not fit neatly into any one of the six themes specified; rather, it concerns all of the themes. Whether it is to use aid to improve governance, apply information technology, or design financial instruments, the overarching challenge is to empower and incentivize aid professionals to generate the necessary contextual knowledge to craft effective solutions for diverse developing communities.
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Three decades ago, the Asian Development Bank launched a massive irrigation project in Bali, Indonesia, known as the Bali Irrigation Project. The project aimed to “modernize” the irrigation system: it would replace the traditional subaks (water temples)—manifested in the shape of terraced rice fields—with a centralized canal system, equipped with metallic gates. The whole project, which involved reconstructing ten percent of the subaks in Bali cost US$40 million dollars. It was expected that the project would be financed by increased rice production, which could be sold for export and then repaid to the Bank.

Unfortunately, the reality did not pan out as expected. Stephen Lansing, an anthropologist, found that Balinese farmers removed the new metal gates installed in their canals as soon as they could. It was not that these farmers resisted modern technology or change. Rather, the new and expensive devices simply didn’t work. The intervention made it impossible for the farmers to schedule water distribution among themselves, which they had done efficiently for centuries under the cooperative subak system. Worse problems followed. The farmers were also encouraged to buy “technology packets,” pesticides and fertilizers, on credit. The traditional subaks had provided a natural hydroponic system of fertilization and pest control. But the use of the technology packets ratcheted up the resistance of rice crops to pesticides. Pest populations exploded. Excess fertilizers flowed out the paddies into the river, clogging the coastline with high levels of nitrogen and algae growth.¹

In a poignant account, Lansing relates his attempts to persuade foreign consultants of the cooperative and ecological functions of subaks and the damage that so-called modern interventions had wrecked upon the local community. He writes:

Whenever possible I have seized the opportunity to invite them [consultants] to visit a water temple and talk with the farmers directly. This never worked out quite as I hoped... The views of the farmers, and indeed all the particularities of the Balinese case, are largely irrelevant to this task. When I returned the consultants to their hotels, the image that often came to mind was that of a team of specialists vigorously treating a patient for what might prove to be the wrong disease. Why, I wondered, do the consultants believe that the details don’t matter?²

The tragedy of the Balinese farmers is a sobering reminder of a long-standing problem in aid policies: interventions that are intended to help local communities often end up hurting

² Ibid, pp. 10, emphasis added.
them. Accounts of “doing bad by doing good” abound. Why do such problems persist despite the good intentions and ample resources offered by aid agencies and donor governments?

One answer stands out, as Lansing’s account suggests: the details of the particular contexts that donors are trying to improve do not matter. Clearly, smart and sophisticated planners working for donor organizations are not incapable of learning contextual details. The underlying problem, I argue, is that development professionals are not generally recruited, trained, or rewarded to acquire such contextual knowledge.

The overarching challenge of improving foreign aid is to encourage donors and aid professionals to care about the details of aid-receiving contexts. These details may range from understanding the distribution of power in a community, its cooperative networks, informal practices, religious views, to the mechanics of ancient irrigation and pest control systems, as seen in the case of Bali. When caring about contextual details becomes a habitual practice, the possibilities for achieving targeted and innovative change through aid are endless.

Building the necessary institutions that promote the acquisition of contextual knowledge is what I call the “meta” challenge of reforming aid. Educational psychologists refer to “meta-cognition” as the most critical cognitive skill of changing the way we think—once people acquire a right mindset, the possibilities for creative solutions are endless and powerful. Similarly then, the “meta” challenge of reforming aid is changing the way donors perceive and respond to the needs of aid recipients. If such a change can be made, its effects will spill over to the various themes specified in this essay competition: how to use aid to improve governance; how to design financial instruments; how to allocate aid effectively; how to use information technology; and so forth.

At first blush, inducing donors and professionals to care about the details of aid-receiving contexts appears to have an easy solution: just try to care. Proclaim that details matter. Tell consultants to be open-minded and sensitive to local contexts. Introduce feedback mechanisms. Encourage listening. Yet, in reality, these are all empty slogans if they are not backed up by concrete measures and a vigorous program of norm-building.

In this essay, I propose a few steps to “make details matter”—namely, to incentivize and empower aid professionals to care about acquiring contextual knowledge. My proposal will revolve around three action plans:

1. Build a bank of non-best practices;
2. Diversify expertise;
4 James Scott points to the lack of “local knowledge” as one explanation of why massive schemes of development and modernization can fail with disastrous consequences. See Scott, James C. 1998. Seeing like a state: how certain schemes to improve the human condition have failed. New Haven: Yale University Press.
3. Carve experimental pockets within aid agencies.

The idea that aid practices should shift from the conventional “best practice” approach to a localized “best fit” approach is not new. In the last decade or so, development experts like Dani Rodrik, Lant Pritchett, Merilee Grindle, Francis Fukuyama, Peter Evans, and others have soundly rejected “one size fits all” reforms. Instead, these experts stress the merits of tailoring foreign aid and solutions to each country’s “context,” “local knowledge,” and “particular situations.”

However, while such ideas are widely welcome, putting them into practice is far from easy. In attempting to execute a best-fit approach, much emphasis has been placed on finding a new template of solutions or doing something to aid recipients. My proposal instead turns inward: what can be done within aid organizations?

The measures I suggest are largely inspired by the adaptive strategies of a developing country that has spectacularly prospered and transformed with relatively little foreign aid—China. A key distinction of China’s reform strategy is the empowerment of local agents to devise unique solutions to local problems. As a China specialist, I am often asked whether and how China’s strategies can be replicated in other developing countries. One assumption is that if the strategies cannot be exported to other countries, then for comparative and practical purposes, the Chinese model is interesting but ultimately useless. Such a conclusion is an unimaginative and narrow-minded way of drawing lessons from an extraordinary case. The general principles of adaptive governance and localized problem-solving in China need not be applied only to poor countries. I propose that the principles are most useful when applied to reforming governance within development agencies.

The Problem: Why Don’t Details Matter?

My proposal for rewarding contextual knowledge builds on important insights from the so-called second-generation approach to development assistance. Carothers and De Gramont sum it up concisely: “Many elements of the second-generation approach require aid actors to

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12 Rodrik, *One economics, many recipes*.

deepen their knowledge of the context in which they work. Going local works well only if practitioners understand the fine grain of actors and interests.”

However, as the story from Bali illustrates, aid practitioners often do not understand—or quite simply, do not care to understand—the “fine grain.” In order to treat this problem, it is essential to begin by addressing Lansing’s critical question: “Why, I wondered, do the consultants believe that the details don’t matter?”

First, “details don’t matter” when foreign consultants are blocked by hubris and an inability to “register” unconventional behavior and phenomena that are common to non-Western, developing contexts. The problem of hubris is well-known and widely discussed. Aid professionals adopt the role of technical experts proffering modern solutions to backward societies; they enter developing contexts to prescribe, not to learn. Thus, Rodrik urges humility: “We can be far more useful when we display greater self-awareness of our shortcomings.”

The second part of the problem is less appreciated. When foreign consultants encounter scenarios in a poor, traditional setting that are inconsistent with the norms of advanced democratic-capitalist societies, they literally lack the language to process what they see. Aberrations from Western norms are typically classified as failures or deficiencies in modernization. The ancient subaks of Bali and its accompanying religious practices is one instance. Other examples abound in my field study of internal practices within local Chinese bureaucracies. Chinese agencies are notorious for extracting fees and fines from the local populace to furnish their staff with extra pay and perks. For many observers, such behavior, which defies Western norms of public administration, is unquestionably classified as “corruption.” Accordingly, aid agencies should seek to outlaw and eradicate such behavior.

However, if the label of corruption is set aside, and one patiently observes exactly how the bureaucracies operate internally, a radically different—and unorthodox—logic unfolds. Actually, Chinese agencies have evolved elaborate rules of revenue collection and distribution to overcome their budgetary constraints and low formal pay. By peeling through layers of contextual details, I found that fee collections are in fact sanctioned by state policies and finance non-formalized components of staff benefits, forming a surprising quasi profit-sharing system. These nuances are lost when viewed from a conventional, legalistic viewpoint of bureaucratic actions as either formal or corrupt—black or white—rather than as gradients of grey. A distinguishing feature of all developing contexts is that practices are neither clearly wrong nor right as defined by written laws, but embedded within social networks and mediated by mutual bargaining and norms of reciprocity. For aid practitioners to appreciate the fine grain of developing contexts, they need to acquire a new pair of conceptual lens that allows them to see and register the tones of a grey world.

15 Rodrik, One economics, many recipes, p. 5
Second, “details don’t matter” when teams of foreign consultants share similar training and perspectives. The uniformity of personnel background and skills within aid agencies, predominantly based in economics, is well-documented and striking. One study reports, not surprisingly, that the vast majority of the World Bank’s professionals are trained exclusively in economics and finance. Moreover, these recruits hail from a small circle of programs that share the same methodological training and theoretical precepts on development.\(^{17}\) Economic training is necessary for development work. The problem is that economists who hire like-minded professionals fail to practice a core insight in economics: the law of diminishing returns.\(^{18}\) A few economists add plenty of value to a team of specialists, but that value starts to slide precipitously as more and more similar people are added to the group. Economists do care about details, but only certain details that are prized in their discipline and that allows one to publish prolifically and get jobs. An economist may care obsessively about isolating the causal effects of a particular intervention on rice production in statistical tests. But how a preexisting subak system actually functions and what farmers think are not the class of details that matter.

Third, “details don’t matter” if aid professionals, even if sympathetic to voices on the ground, are constrained by organizational deliverables. Aid agencies favor large projects with easily visible and marketable results,\(^{19}\) such as building dams and roads, rather localized projects whose implementation and outcomes are uncertain. There is also strong pressure to design projects aligned with best practices in the West, despite urging from some experts to replace these best practices with a best-fit approach. For an aid professional, the safest defense that he or she can make against criticisms of failure is: like everyone else, I followed best practices. In other words, much like public bureaucrats, aid professionals are risk averse. The payoffs from walking off the trodden path are low, if not entirely absent, while the rewards of conformity are compelling. To prod aid specialists to pursue a best fit approach, they need to be protected from the risks of failure.

The Proposed Solution: Making Details Matter

Targeting each of the problems earlier outlined, I propose three actions plans toward the goal of “making details matter.”

1. **Build a bank of non-best practices**

The field of development aid is filled with an impressive armory of best practices. We have plenty of knowledge and stories about what are the best actions to take under favorable circumstances. Influential think-tanks frequently host research papers and grant programs that invite researchers to document best practices. Yet given all the talk about a best-fit approach in

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\(^{19}\) Carothers and de Gramont, “Aiding Governance in Developing Countries,” pp. 26.
recent years, there is a basic institution that is astonishingly missing: a bank of stories about solutions in developing contexts that are not best practices, but possibly a good fit.

It is not possible to pursue a best-fit approach to development assistance without first having a treasury of best-fit solutions in mind. China has been held up as a role model of “unorthodox” solutions and “transitional” institutions. But unorthodox, localized solutions need not be limited only to China. Surely, they also exist in many parts of the developing world, from ancient irrigation systems in Bali, dispute resolution councils led by religious leaders in Turkey, to informal support groups for women in Bangladesh.

Documentation of non-best practices are scattered in scholarly journals and books. These efforts are marginalized. What needs to happen is a fundamental switch in the mentality of development agencies and think-tanks: “instead of looking for (yet more) best practices, we want to learn about non-best practices that might work.” This could involve, for example, a website that showcases a database of localized solutions in particular contexts; grants to encourage fieldwork based reports to address specific problems; a collection of first-hand narratives from people affected by aid projects, made available not only to donors, but also to the public.

When such efforts, requiring modest investments, are made by prestigious international organizations, they send out a strong message: contextual knowledge is valued. When work that generates contextual knowledge of particular settings can be recognized, published, funded, and contribute to aid policies, it creates system-wide incentives to pursue this form of knowledge. In the long term, it can help encourage the production of experts with the necessary training and skills to understand the fine grain of aid-receiving contexts.

2. Diversify expertise

As earlier discussed, aid agencies have been dominated by professionals trained in economics and finance. Make no mistake: economists are valuable to aid policy-making; their role should not be diminished. My point, rather, is that development assistance can be greatly enhanced by the diversification of expertise.

However, diversifying expertise is easier said than done. Organizations dominated by economists will be inclined to recruit like-minded economists, who speak the same language and reinforce one another’s ideas. Even within a social science discipline, it is not uncommon that experts who employ different methods or adopt different perspectives refuse to speak to one another. A team of economists, long accustomed to a hegemonic role, would hardly welcome anthropologists, sociologists, political scientists, historians, and others to join the team.

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To overcome organizational resistance to change, one might take lessons from China’s famous reform strategy, known as “growing out of the plan.” The reformist leadership faced strong resistance from within the party against pursuing capitalist reforms, as these reforms could undermine the traditional base of power that communist bureaucrats commanded under a planned economy. So, instead of skipping straight from plan to market, and running headlong into strong resistance, the leadership introduced reforms on the margins of a preexisting planned economy. Whether those marginal market reforms would ultimately work was not initially known. In the end, they did—not only so, these reforms eventually and unintendedly transformed the entire system.

It would not be realistic to expect aid agencies to change their entire recruitment criteria overnight. However, it is worthwhile introducing hiring and staffing reforms on the margins. One concrete avenue is the creation of a special Young Professionals Program to recruit professionals from non-economics disciplines that specialize in generating contextual knowledge of particular contexts. Both the World Bank and the United Nations offer a young professional program that attracts many talented candidates from elite universities every year. Recruits of the program are fast-tracked to leading positions in the organizations. However, past and recent studies find that the majority of these valuable seats are still reserved for economists. Having a separate Young Professionals Program has the advantage of dedicating positions for a different and diverse group of professionals. Being part of a prestigious, fast-tracked program further distinguishes the competitive candidates from regular recruits, empowering them to develop an active role and a solid voice within the organization.

It must be emphasized that qualitatively trained professionals do not merely offer knowledge of a particular country or village to development work. More broadly, they offer a different set of skills and perspectives. Take, for example, the contrast between anthropologists and economists. Graduate students in anthropology are trained to spend weeks (sometimes even years) immersed in one location to understand how local actors construct meanings and relationships with one another. Granted, economists may also spend time in the field, but the focus is primarily on collecting data to test hypotheses derived from a priori assumptions of human behavior. Whereas anthropologists are inductive in approach (using particularities to reach general conclusions), economists apply deductive reasoning (using general principles to make predictions about particularities).

The advantages of the inductive and deductive approaches are different and necessarily complementary. The inductive approach is uniquely adept at understanding the needs and resources of actors in particular settings. Often, technocrats from wealthy nations enter a developing society and assume that they already know what the locals need. An anthropological perspective, on the other hand, would probe these questions: How exactly do the people of this location function? What are their problems? What do they need? (More likely than not, a

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22 Weaver, *Hypocrisy Trap,* pp. 77 and footnote 93
careful investigation will reveal that what the people of a poor community really need is not what a technocrat assumes to be. How might local networks, clan relations, gender roles, factional ties, and other particular socio-political features interact with a given aid program? In other words, an inductive approach generates the necessary contextual knowledge to identify particular needs and to suggest localized ways of addressing them. Armed with these fine-grained details, economic tools of analysis can then be usefully applied to evaluate which interventions are most effective in meeting identified needs.

3. **Carve experimental pockets within aid agencies**

   A best-fit approach to designing aid policies is inherently risky. Whereas it is normally clear what best practices are, it is far from obvious what best-fit policies should be. And because particular situations vary from context to context, there isn’t a universal template to rely upon in designing best-fit, unconventional solutions. To support the growth of a best-fit approach, special arrangements are needed to accommodate the risk of failures.

   Again, it would be unrealistic to expect large and powerful aid agencies to change their ways in one bold sweep (though, in the best practice approach, aid-receiving countries are often expected by donors to do so). One way to introduce change on the margins is to carve experimental pockets within aid agencies. This strategy draws inspiration from the creation of “special economic zones” in China, where selected cities were given special leeway and resources to experiment with capitalist reforms. If they fail, their failures would not doom other cities. But if they succeed, their success can then be advertised and diffused to the rest of the country.

   Applying the above insight to reforming governance within aid agencies, experimental pockets can be carved in two ways. One is to create a special division whose stated mission is to explore and develop aid programs grounded in local knowledge. This experimental team can be developed along with the special Young Professionals Program proposed in the preceding section. Many best-fit projects may fail to deliver results or results that do not accrue in the short term. Failures are especially common during a start-up phase when experience in designing aid projects based on a new approach is lacking. In the experimental team, staff performance will not be evaluated by the regular criteria applied in the rest of the organization, such as numerical income targets or size of loans disbursed by a rigid timeline. Instead, success will be judged by the creation of a few path-breaking programs that revolutionize the use of aid. In other words, failure is not personally costly to the team members, but success is highly rewarding—these are essential conditions for innovation.

   Another way of carving experimental pockets within aid agencies is to adapt Google’s “20% time” policy. Google introduced an unorthodox practice of allowing its staff members to dedicate one day per week to work on self-initiated side projects. The “20% time” led to the incubation of innovative programs like Gmail and AdSense. It is neither necessary nor wise to copy “20% time” exactly, given the starkly different tasks of employees in Google and aid agencies. Nevertheless, the idea is worth adapting. For example, staff members may be encouraged to pursue one project in their entire portfolio per year that interests them. This
could be exploring an aid program that would not normally be welcome by the organization, designing a new feedback mechanism, or simply studying a development problem of interest to aid professionals.

**Concluding Thoughts**

In order to help poor people and poor communities in meaningful ways, we must first learn to respect their stories, to care about the details that they care about as seriously as we cherish ours. Doing so requires seeing people of poor, backward societies as *equals*, rather than as people that privileged members of the developed world are valiantly trying to teach and help.

These principles sound right, but they are extremely difficult to implement in practice. Picture an expert from an influential aid agency, who grew up in an American suburb, and had earned a PhD in Economics from Harvard. The expert meets a farmer in Bali on his way to pay homage to his village’s high priest, to ask that the priest invokes spirits to bless his rice paddies. It’s hard for the expert to take the farmer seriously and view him as an equal, as much as the former may earnestly try.

The central point of my essay is that we need to create an institutional framework within aid agencies that would induce the sophisticated expert, pictured above, to care about the details of a Balinese farm community. Such an institutional framework would provide the necessary foundation for the second-generation, best-fit approach to development assistance, which is a heartening step in the right direction. Aid-providing technocrats can skillfully develop programs that fit local contexts only when they care about the details of these places.

As I propose, creating such an institutional framework requires tackling three related challenges: (1) how to transition from a traditional mindset of best practices to best-fit, (2) how to diversify expertise toward the generation of contextual knowledge, and (3) how to create incentives to pursue a new, risky aid approach. I propose a suite of concrete measures to address each of these challenges. My recommendations are focused on norm-building and introducing organizational changes on the margins—meaning, instead of unrealistically trying to restructure aid agencies abruptly, new practices can be grafted upon preexisting institutions. One major advantage of this approach is that it helps to overcome bureaucratic resistance to organizational change.

My proposal presents several points of departure from some existing efforts to promote a best-fit approach. One notable set of measures, undertaken by organizations like World Bank, has been to modify organization-wide practices, such as to recruit more professionals with country expertise and revise risk assessment criteria. These are encouraging steps, but their impact is dwarfed by strong organizational cultures. For example, in one recent study, the minority of non-economists in the World Bank expressed that they are still sidelined.

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24 Weaver, *Hypocrisy Trap*, pp. 93
proposal of carving experimental pockets and separate career tracks offers the advantage of empowering professionals who specialize in generating contextual knowledge.

How to internally reform aid organizations in order to promote a best-fit approach is the big question of development assistance in the twenty-first century. In that sense, although my essay does not fit neatly into any one of the six themes specified, it concerns all of the themes. Regardless of whether it is to use aid to improve governance, to apply information technology to collect feedback, or to design financial instruments, the meta issue at stake is whether aid professionals are incentivized and empowered to generate contextual knowledge.

Humanity can have much to gain if aid agencies can adapt their own institutions to “make details matter.”