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Getting Better Governance:
Insights from new Research

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There is widespread agreement that better governance matters for growth and poverty reduction, but little consensus on how to achieve it. Attempts by the development community to promote better governance in developing countries have had limited success. New research shows how effective public institutions evolve through a political process of bargaining between the state and organised groups in society. They cannot be constructed by simply transferring institutional models from rich to poor countries. The focus should therefore be not so much on capacity building of formal institutions, as on the informal relationships that underpin them. Policymakers should think less about what ought to be happening, and more politically about what is actually happening, what works and why – and build on that.

Introduction

How can developing countries build more effective, accountable states that are responsive to the needs of poor people? Few within the development community would disagree with the UN Secretary-General that "good governance is perhaps the single most important factor in eradicating poverty and promoting development in Africa or elsewhere". Yet despite years of effort to promote better governance, progress (with some exceptions) has been meagre, and hard to sustain. There is still remarkably little consensus about what works.

New research by the Centre for the Future State (CFS), based at the Institute of Development Studies at the University of Sussex, provides some vital insights into the processes involved in building more effective public institutions, and the underlying causes of bad governance. It shows how institutions evolve through a political process of bargaining between the state and organised interest groups in society. They cannot be constructed just by transferring institutional models from rich to poor countries. This has important implications for policymakers, suggesting that they need to focus less on capacity building of formal institutions, and more on the informal arrangements and relationships that underpin them.

The quest for better governance

The focus by policymakers on governance is welcome, but it has resulted in overload. Donors, in particular, have been capricious in advocating a succession of different institutional "fixes": state-led development, then marketisation and the retrenchment of government from non-core functions, followed by democratisation, decentralisation, the establishment of autonomous agencies, the creation of public-private partnerships, and civil society participation in the delivery of core services. All this has been imposed on poor countries, with weak institutions, many of them still in the process of state building, and in the context of a rapidly changing global environment.

The development community has been consistently unrealistic about the capacity required to manage complex processes of change, and has virtually ignored the need to build social and political consensus for such change. It has expected poor countries to put in place a range of best practice institutions which are far more sophisticated than those present in OECD countries at a similar stage of economic development. And it has assumed that creating those institutions involves little more than the supply of material resources and technical assistance. In the latest big push for achieving the Millennium Development Goals (MDGs), poor countries are expected, as a matter of priority, to promote: the rule of law (through properly resourced, adequately staffed legislatures, judiciaries and executives); political and social rights; accountable and efficient public administration; sound economic policies; corruption-free delivery of public services; and support for civil society.[2]

Many efforts to promote better governance have had limited impact because they address the symptoms of bad governance rather than underlying causes. The development community finds it difficult to conceive of legitimate public authority in developing countries except in terms of models that have worked relatively well in developed countries – a merit-based bureaucracy, an independent judiciary, programmatic political parties. So it has focused on capacity building of formal institutions rather than on the informal relationships that shape the way they work, and the historical processes that created them.

A different approach

New research undertaken by the Centre for the Future State (CFS) offers a different approach. It starts with a proposition – well known to political scientists but less familiar to many policymakers – that the critical issue in state building lies in striking a balance between effectiveness and accountability. The challenge was eloquently expressed by James Madison in the Federalist Papers no.51: "In framing a government to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself."

The CFS research suggests that, historically, this has happened through a process of interaction, bargaining and competition between holders of state power and organised groups in society. This has often involved violent conflict, but it can also produce positive sum outcomes, if the parties involved can identify common interests and negotiate arrangements to pursue them. Over time this may lead to more civic ways of managing competing interests, and result in the creation of legitimate, stable institutions: arrangements that are valued – and thus become institutionalised – because they are seen to serve a common purpose. A prime example of this in the history of state building in Western Europe was the process of bargaining which took place between rulers and organised groups over the payment of tax.

Many countries in the global South today have formal institutions of representation, accountability and administration built on models transferred from OECD countries. But they work very differently, and often lack legitimacy and effectiveness, because they were not forged through a political process of state/society negotiation, and are not supported by economic structures which encourage organisation around broader, common interests. States in the South have – and will – follow paths towards state building that are often very different from those taken historically by states in Western Europe. It may therefore be unhelpful to make formal institutions in now developed countries the starting point for thinking about how to achieve more effective public authority in the South, or to expect poor countries to be able to put in place at all quickly Weberian institutions that draw clear boundaries between public and private interests.

This research also provides insights into underlying causes of bad governance, especially in Sub-Saharan Africa. For complex reasons explored more fully below, governments in the South often have weak incentives to engage in bargaining with their citizens. In particular, the access of political elites to external rents from natural resources or aid weakens the need for them to earn revenue by engaging with taxpayers, and reduces their interest in nurturing the broad prosperity of their citizens.

Although the research shows that the causes of bad governance are very deep-seated, the overall message is one of optimism. There is scope for more positive engagement between the state and organised interest groups, and there are things that policymakers could do to encourage this. Moreover, in line with findings by other scholars, the CFS research suggests that progress does not depend on having the full range of formal institutions in place. Unconventional arrangements that provide the right political signals, or that bring public and private actors together around common interests, reinforced by informal relations of accountability, may offer the best available solution for the time being. While there are no prescriptions for getting better governance, the research shows that there are some *signposts*, pointing to factors that might help nurture more constructive engagement between state and society.

Tax and accountability[3]

The first "signpost" relates to tax. Tax is often seen primarily as a fiscal issue, and the preserve of economists and subject specialists. The CFS research suggests that it should be seen as a key governance issue. There are strong, direct connections between the ways in which governments raise revenue and the quality of governance that they practice.

Historically, tax played a central role in the creation of representative legislatures and effective bureaucracies in Western Europe. Against the background of interstate warfare, some governments (notably Britain and the Netherlands) negotiated with taxpayers to create joint gains for both parties. Since tax was negotiated, tax collection became less costly to administer, less onerous, and more predictable. This encouraged governments to undertake long-term planning, and business to invest. Rulers had incentives to strengthen the bureaucracy to collect and administer taxes, and to extend its reach. Taxes were negotiated in the legislature, which encouraged taxpayers to get involved in policymaking, and rulers to adopt policies that were mutually beneficial. Taxpayers in parliament adopted mechanisms to oversee revenue raising and public expenditure management. Rulers had a stake in the prosperity of their citizens, and incentives to nurture that prosperity to generate more revenue.

Today in OECD countries, the tax relationship underpins formal mechanisms of political accountability and public financial management. Tax is a major issue at election time. The situation is very different in many developing countries, where there is little public debate linking revenue and expenditure, little organised public action by taxpayers, and little legislative control over government revenue. This has negative implications for governance.

There are good reasons why the tax relationship is often weak in developing countries. A complex set of historical factors has resulted in the concentration of political and economic power in the hands of small elite groups. Huge, and historically unprecedented differences in income levels between rich and poor countries have given those elites access to very large rents from control of oil and mineral resources, as well as from other relationships with rich countries. Many countries have received external military support and large amounts of aid. All these factors have limited the need of political elites in the South to bargain with their own citizens over tax.

The historical experience of tax and state formation in Western Europe is not directly replicable in developing countries. But there are good reasons for thinking that tax still matters for governance. It has the potential to mobilise a relatively large group of citizens who have shared interests as taxpayers in how governments spend their money and manage the economy, and some power to make their views count. Mobilisation by taxpayers can help take debates out of the realm of patronage politics and into the realm of interest group bargaining. Interest group politics around taxation and public spending can strengthen the role of legislatures, giving them increasing influence over fiscal matters.

There are however no quick fixes. The tax relationship in poor countries is often coercive, especially in agrarian environments, and at local level. Wealthy elites can evade tax, or ensure the burden falls elsewhere. But there are reasons to think that tax may be coming up the political agenda.

The CFS research explores the implications for governance of recent tax reform in Latin America and elsewhere. There has been a marked shift from indirect taxes (for example on trade) to more direct or visible taxes, such as VAT. There have been reductions in high marginal tax rates, simplification of taxes, reductions in exemptions, some broadening of the tax base, greater transparency, and strengthening of administrative capacity of revenue authorities. Some of these reforms have been difficult to sustain, and most address issues of efficiency rather than equity. But, taken together, they do mean that more taxpayers now face a common, simplified tax regime, with more opportunity and incentive to engage in public action over tax, and less to gain from lobbying for special interests through private networks. There is growing interest in fiscal pacts (for example in Latin America); there are moves in many countries to increase budget transparency; and ex-Communist countries joining the EU have transformed their tax relationships. Taxing the informal sector remains a major challenge, but the research points to innovative approaches that may be emerging – for instance in Ghana, where collection of taxes from vehicle operators has been franchised to the main transport union.

The overall message is that processes of bargaining between states and organised groups in society remain central to the construction of legitimate public authority, and that tax matters for accountability because of its power to mobilise interest groups in particular ways. External actors need to be particularly alert to the way in which their dealings with poor countries – over trade, business, military support or diplomatic relations, as well as aid – have the potential to weaken incentives for local accountability to citizens. There are also things that local reformers as well as donors could do to increase public debate about links between tax and spending, and to enhance the chances of constructing a fiscal social contract.

Rethinking civil society: the state creates opportunities for poor people to organise

The second "signpost" relates to civil society. The development community has ambitious expectations of civil society. It advocates involving civil society organisations in policymaking, service delivery and monitoring as an important part of strategies to achieve the MDGs. Direct popular participation at local level is seen as offering new ways for poor people to acquire a voice, through networks of associations linked to decision-makers. There is a profusion of projects designed to "strengthen the capacity" of civil society (often advocacy NGOs – non-governmental organisations) in order to make the state more accountable.

What this activity tends to overlook is the diversity of actors and interests involved in civil organisations, and the many different ways in which they relate to each other, the state, politicians and political parties. One component of the CFS research investigates those relationships, through case studies and comparative cross-country surveys. The story that emerges is complex, and challenges simplistic assumptions about the ability of civil society to demand accountability and give poor people more of a voice. But the findings also provide cause for optimism.

First, what the state does, how it is organised, and how public policy is designed and implemented all have an important bearing on the ability of poor people – or organisations claiming to speak for them – to organise and make demands on elected officials and government agencies. The effects of government action can be deliberate, or completely unintended. But in a variety of ways, and at different levels, the state has a powerful effect on incentives and opportunities for mobilisation, for example:

a) The long-standing Employment Guarantee Scheme in the state of Maharashtra, India was carefully designed to stimulate mobilisation of potential beneficiaries, and engage support from a range of important stakeholders, as well as encouraging involvement by political activists.[4] The scheme benefits the rural poor, providing a legal guarantee of work for destitute people provided that 50 register to demand work. Significant design features of the original scheme include the fact that it had a reliable source of funding (from a hypothecated tax), provided a formal guarantee of work that could be contested in a court, and was mandatory and universal (thus allowing potential beneficiaries to be easily identified). This encouraged activist organisations to become involved in mobilising people to claim their rights, while the secure financial and legal basis made it worthwhile for activists – but also bureaucrats and poor people themselves – to invest the necessary time and effort to organise.

While the legal underpinning of the scheme was important in creating incentives for mobilisation, the research suggests that how it was implemented locally may have been as important as legal rights in securing benefits for poor people. The careful design of the scheme, and its mandatory provisions, were not sufficient to prevent its deterioration in the late 1980s when political power shifted from a rural-based coalition to an urban one; this, together with a fiscal crisis, led to a steep decline in expenditure. Nevertheless, unlike other public works schemes, it has survived, and elements of the design have recently been adopted nationally.

b) An example of unintended effects of changes in state institutions on political participation comes from rural Karnataka.[5] A constitutional amendment in 1992 set up a range of elected local government bodies throughout India. It gave no recognition to the informal, village councils found in most of Karnataka (and elsewhere in India). However, far from formal, modern institutions supplanting traditional councils, as might have been expected, the creation of locally elected formal institutions (grama panchayats) seems to have provided traditional groups with new opportunities. There are high levels of interaction between the formal and informal institutions, and the latter remain active, influencing elections to the grama panchayats, participating in decisions about development projects, and monitoring performance. Indeed, there is evidence that traditional organisations are most active: 1. in wealthier, more developed districts; 2. where they are physically close to the headquarters of the grama panchayat; and 3. where grama panchayats are most effective (judged by their revenue-raising capacity).

This could just be the effect of modernity but it also suggests a powerful institutional effect, i.e., that good formal institutions are providing incentives for traditional, informal ones. The effect of this on poor people could be negative in so far as traditional councils are hierarchical and exclusionary, but there is also evidence that traditional councils provide political space for poor people, and channels for them to influence elected bodies.

Second, the relation of civil society to state institutions and political parties, and its role in providing a voice for citizens, need re-conceptualising. Many scholars and policymakers tend to think of civil society as isolated from the state, and value its supposed autonomy as a source of restraint on state power. But in practice there is much blurring of the boundaries between different actors. Detailed surveys of civil organisations in São Paulo show that, more often than not, it is organisations well connected to government and political parties, and with access to information, expertise and networks, that are giving the poor a voice in policymaking. The fact that they are also the ones most active in public demonstrations outside participatory fora suggest that they have not, however, been co-opted. In Karnataka, the overlap of leadership between elected bodies and traditional councils may be enhancing the influence of traditional institutions. So autonomy of civil society is not necessarily the key to its effectiveness. This and other aspects of the research show how interaction, over time, between the state and organised groups in society can enhance the effectiveness of both, through the construction of common interests.

Third, many of the claims made about the ability of new forms of citizen participation to give poor people a greater voice are overplayed. The research finds that it is often collective actors rather than individuals who are involved in participatory processes. For example, participatory budget mechanisms in São Paulo were designed to provide space for *direct* participation by individual citizens, but in practice they give an important platform to leaders of community or neighbourhood associations, who see themselves as speaking on behalf of those organisations. Most of these associations have no formal membership (but do attract high levels of participation from poor people); nor do they have formal mandates or accountability mechanisms based on elections.

This raises the question of who they speak for or represent when they are invited into policy dialogue by government or donors.[6] The research concludes that the political and institutional changes introduced in Brazil over the last two decades have altered the dynamics of representation among civil organisations. This could be positive or negative for the quality of democracy: the important thing is that judgements about this should be made not by reference to conventional models of representation, but by looking at what is actually happening, whose interests are served, and how far this is in keeping with democratic principles.

An overall message for policymakers is to stop thinking about civil society as a sector, populated by formal associations that share a progressive agenda. Instead they should think much more broadly about the impact of state institutions and policy interventions on the ability of different interest groups to mobilise and influence public policy.

New approaches to delivering public services

The third "signpost" suggests that policymakers should not be bound by preconceived models of service delivery, but should be open to building on unorthodox arrangements that work.

The challenge of delivering basic services to poor people is central to achieving the Millennium Development Goals. The *World Development Report 2004* (*WDR*)[7] records some success stories, but also some miserable failures. The CFS research aims to expand understanding of the factors that make for success or failure, and the range of options that might be available for delivering services to poor people.

The *WDR 2004* represents an important advance. It emphasises that improving services is not just about providing resources, skills and technical solutions. It puts the spotlight on politics, and on the institutional arrangements that create incentives for different stakeholders. But the approach is also limiting.

The principal/agent framework that underpins the WDR is based on the assumption that separating and formalising relationships between policymakers, providers and citizen consumers will improve accountability for delivery of services. This fails to capture many other important dimensions of these relationships, including ways in which *informal* relations of accountability operate to affect design and implementation of services. It underestimates the way in which politics shapes the incentives for action. And, in placing a lot of weight on direct action by poor people to strengthen the power of citizen consumers vis-à-vis providers, it plays down the associated risks and costs.

The *WDR* framework is also limiting because it looks at different configurations of service provision in different contexts, from the perspective of identifying best practice. This leaves out of the picture a great variety of existing arrangements that do not fit into any of the suggested categories. The CFS research explores some very unorthodox arrangements for service delivery, which appear to be working. Two of them described below are striking because they involve direct participation by private actors in areas normally considered core state functions: policing and tax collection. These are not ad hoc arrangements, but have been sustained over 15 years or more, have become institutionalised, and involve a major, ongoing commitment of resources by both parties.

Cases from the research suggest that:

a) *Unorthodox arrangements for service delivery can work, underpinned by informal relations between key stakeholders*

In *Karachi* a group of 40 wealthy businessmen from a small ethnic minority community have come together to form the *Citizen-Police Liaison Committee* (CPLC).[8] It is directly involved in core policing activities, including funding and managing the main databases on crime and vehicle theft. This is a highly unorthodox arrangement, violating the basic principle of separation of public and private interests in a very sensitive area of government business. It works because it is founded on strong common interests between the provincial authorities (keen to protect federal revenues), the municipal authorities, the business community, the police, and increasingly, ordinary citizens (including poor people) who enjoy the benefits of improved security. Careful design and management – for example, of recruitment – have contributed to its success: lawyers, journalists and former public servants are excluded from membership, and thus view CPLC with some suspicion, and keep it under scrutiny. But above all a strong web of *informal* relationships maintains accountability, despite the absence of any formal contractual arrangements. These include internal ties of mutual obligation and reputation within the business community; and long term relationships with the police based on trust rather than recrimination.

There are clearly risks in this kind of direct engagement of private interests in such a highly sensitive area. But the arrangement brings in significant private resources that are badly needed, while protecting against the abuse of power that often accompanies such provision of resources. It may thus offer the best interim solution in a very difficult environment.

Ghana presents another example of unorthodox public-private partnerships. As mentioned above, the Ghana Public Road Transportation Union (GPRTU), a private association of owners and employees in the road transport business, is collecting income tax from its own members on behalf of the government.[9] This arrangement has survived the transition to democracy, because it serves the interests of all parties. It allows government to tap into an important source of revenue in the informal sector. It gives status and privileges to the union. And it benefits GPRTU members, most of whom are small (one vehicle) operators. They value the services provided by the union at lorry parks, funded by part of the revenue collected. They benefit from the fact that, since income tax is levied per journey or per day, and paid on the spot (with receipts), it is affordable. Moreover, tax receipts and the power of the GPRTU help to protect members from harassment.

The arrangement is far from ideal – administrative costs are still high, much of the tax levied does not reach the public treasury, and there is intimidation of smaller, rival transport unions. So informal relations of accountability are operating, but are not without problems. Nevertheless, this case suggests that innovative approaches to taxing the informal sector can work if they take account of the interests of taxpayers.

b) Contracting out and community participation may not be the answer if politics get in the way.

A second case from Ghana highlights the role of politics in service delivery – especially where public funds for construction contracts or maintenance are involved, or a significant stream of revenue from user fees.

The research followed attempts in Accra and Kumasi, over a period of some 20 years, to find satisfactory alternatives to full public provision of sanitation and waste collection services. The background is a huge and increasing public health problem in both cities brought about by the failure of urban infrastructure to keep pace with a rapidly growing population; decentralisation in 1989 of responsibilities for sanitation and waste management to municipalities with wholly inadequate funding and staffing; and pressure from donors for privatisation (initially as part of structural adjustment programmes), and for community participation.

Following mixed experience during the 1980s with management by local Committees for Defence of the Revolution, a twin-track approach was adopted in the 1990s, with contracting out to private managers complemented by involvement of community groups in local cleaning and maintenance. Essentially, these efforts were derailed by politics. Contracts were supposed to go to registered local companies with proven capacity. Instead, they came under the control of members of the Metropolitan Assembly, who set up front companies to win the business. Control of toilets was a vital source of money and patronage, allowing Assembly Members to reward supporters with jobs and other favours. Hopes that community-level participation would provide pressure for improved service delivery proved elusive: most of the active groups were created by or dependent on local politicians – in effect, they too were part of the urban political machine.

In this case, privatisation fuelled patronage politics. It is a warning against treating service delivery purely as a principal/agent problem, without thinking about how politics might shape the incentives of key players, or testing assumptions about the capacity and independence of community groups. However, another case study from Pune in India suggests that contracting out the construction and management of public toilets can work relatively well, given strong political leadership, skilful programme design, and well-established NGOs able to organise effectively.

c) The motivation of front-line workers is crucial to successful service delivery.

The principal/agent framework presented in *WDR 2004* fails to take account of relationships *within* the three categories of policymakers, providers and citizen customers. It also assumes that public officials are not to be trusted, and need to be closely monitored. Two case studies from the CFS research suggest that this may be too limiting, and pessimistic.

In the case of urban sanitation programmes in Accra and Kumasi, factors such as good working relationships, shared professional values, a positive organisational culture, and a feeling of being valued by the public all helped to maintain the motivation of front-line workers, in spite of appalling working conditions and political interference.

In the case of Metro Water in Hyderabad,[10] India, service delivery reforms were successfully initiated in the late 1990s. The story is a complex one, but the aspect highlighted here is that the reforms created major, positive changes in accountability relationships between a great many stakeholders, including much greater engagement by the media, citizen consumers, and local politicians with both front-line workers and senior managers. The reforms also transformed relations between managers and front-line workers, with positive impacts on performance – reinforced by changes in organisational culture.

None of this is intended to suggest that formal public institutions and procedures should not be the ultimate goal. But achieving clear distinctions between public and private roles (as advocated by Max Weber) may be a distant prospect in many poor countries, and arrangements that evolve based on informal practices and relations can sometimes offer the best interim solution. At the very least it underlines the importance of looking at what is actually happening in an open-minded way.

Implications for policymakers

This research challenges policymakers – both local reformers and external actors – to think differently about the processes involved in building more effective, accountable public authority. Accountability is not just about formal institutions and contractual relationships. Governance is not a self-contained sector, revolving around the reproduction of institutional models borrowed from OECD countries. Improving governance involves a complex range of state-society relations across the whole spectrum of public action.

This means that policymakers need to be much more alert to the way in which seemingly technical issues – such as tax, or the institutional design of public programmes – can influence opportunities and incentives for different interest groups to organise. The focus of reformers, both internal and external, needs to shift from formal institutions and a preoccupation with a specific policy agenda, towards exploring local incentives for progressive change, and the scope for negotiation around (potential) common interests.

Tax is not just a fiscal issue. The research highlights the critical importance of the tax relationship for governance and the potential role of a fiscal contract in constructing new relations of accountability. This has three major implications for external actors.

They need to assign much greater urgency to action already on the international agenda to restrict access of political elites from developing countries to external military support, and rents from aid and natural resources (including action on money laundering, anti-corruption, controls on arms and diamonds, and measures such as the Extractive Industries Transparency Initiative). They should pay much more attention to tax, and do more to encourage public debate about links between revenue and spending (donors tend to be preoccupied with budgeting and spending, including Poverty Reduction Strategies and mechanisms to support disbursement of financial aid, and to neglect tax). Finally, external actors need to be much more alert to the problems of aid dependency, and to the potential of different aid modalities to weaken domestic accountability.

The relation of civil society to the state, and its role in providing a voice for poor people, need rethinking. Civil society is a highly diverse universe. In designing programmes of support, policymakers need to pay more attention to which groups are getting access, whose interests are being represented and how, and whose voice is being heard. Moreover, the research suggests that the common view of civil society as an autonomous, democratic sphere, standing in opposition to an authoritarian state, is simplistic. The state itself plays a critical role in the constitution of civil society. In turn, the ability to aggregate interests and channel them through representative institutions is an essential ingredient in creating state capacity to respond. Donors, in particular, tend to design separate programmes to strengthen state capacity on the one hand, and to increase demand for change on the other. They should be taking more account of the dynamics between the two, and the way in which state action (or inaction) creates opportunities and incentives for different groups to organise.

The case studies on service delivery suggest that policymakers should not be bound by preconceived models, but should look in an open-minded way at what is actually happening, and build on that. It may be unrealistic to expect many poor countries to put in place effective Weberian institutions at all quickly. So it may be worth paying more attention to the great diversity of arrangements that exist and seem to work because they bring together public and private actors in ways which serve the interests of both, while creating wider public gains. The argument here is not that unorthodox arrangements should necessarily be encouraged, or that a preference for formal public institutions and procedures should not be the ultimate goal. But in poor countries with weak institutions, arrangements that have evolved based on informal practices and relations can sometimes offer the best interim solution.

All this is very challenging for policymakers. For external actors, it implies accepting that their capacity for direct action may be more limited than is often supposed. Understanding the complexity and diversity of informal relationships is difficult, even for local policymakers.

But overall the message is one of optimism. Understanding the underlying causes of bad governance does offer insights into strategies for progress – notably the scope for more negotiated relationships around tax, and action to limit access to external rents. Donors in particular could give higher priority to interventions at a global level which they can influence directly. At a country level, they could look for more indirect ways of supporting an enabling environment for constructive engagement between local state actors and organised groups, by supporting better data collection and dissemination, more local policy analysis, more transparent and institutionalised budget and policy processes, and access to good ideas.

The opportunities to make a difference are there, but are often obscured by limiting options in advance to oversimplified models, or by trying to act on the symptoms of problems rather than address underlying causes. Perhaps the single most important message for policymakers is to think less normatively about what *ought* to be happening and much more politically about what is actually happening, what works and why – and to build on that.

Footnotes

1 This article was prepared by Sue Unsworth based on research undertaken by the Centre for the Future State at the Institute of Development Studies, University of Sussex. Professor Mick Moore, Institute of Development Studies, directs the Centre and principal managers of the research included Joseph Ayee (CEPRESE), Steven Friedman and Shaun Mackay (CPS), Peter Houtzager and Anuradha Joshi (IDS) and V.K.Natraj (MIDS).

The article highlights findings from a five-year research programme undertaken by the Centre for the Future State. For a more detailed account, see "Signposts to More Effective States: Responding to Governance Challenges in Developing Countries" at www.ids.ac.uk/gdr/cfs.

2 The UN *Millennium Project Report* (2005) *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals;* www.unmp.forumone.com

3 See Moore, M. (2004a), "Revenues, state formation, and the quality of governance in developing countries", *International Political Science Review*, vol. 25 no. 3, July, pp.297-319; Moore, M. (2004b), "Taxation and the political agenda, North and South", *Forum for Development Studies*, vol. 31, no. 1, June

4 See Moore, M. and Jadhav, V. (forthcoming), "The politics and bureaucratics of rural public works: Maharashtra's employment guarantee scheme", *Journal of Development Studies*

5 See Ananthpur, K. (2004), "Rivalry or synergy: formal and informal local governance in rural India", *IDS Working Paper 226,* Brighton: Institute of Development Studies

6 Gurza Lavalle, A., Houtzager, P., and Castello, G. (June 2005), "In whose name? Political representation and civil organisations in Brazil", *IDS Working Paper*, Brighton: Institute of Development Studies

7 *Making Services Work for Poor People: World Development Report 2004*, New York: UNDP

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9 Joshi, A. and Ayee, J. (2002), "Taxing for the state?: Politics, revenue and the informal sector in Ghana", *IDS Bulletin*, vol. 33, no. 3, Brighton: Institute of Development Studies

10 Caseley, J. (2003), "Blocked drains and open minds: multiple accountability relationships and improved service delivery performance in an Indian city", *IDS Working Paper, 211,* Brighton: Institute of Development Studies