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Title: Donors-promoted public sector reforms in developing countries and the Local Knowledge Syndrome: the Dutch-Yemen NPT Program for developing the Higher Education Sector in Yemen
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This book examines causes of the ineffectiveness of donor-promoted public sector reforms in developing countries. It focuses on the problems of incorporating local knowledge in the design and implementation of aid programs, which termed the “Local Knowledge Syndrome” (LKS). The LKS exists when aid policies and programs do not tailor to recipients’ unique context and needs, and rely on reform assumptions and formal models imported from select developed countries. It can also exist when aid policies focus exclusively on reforming formal organizations and institutions and neglect informal practices.

In terms of theoretical contribution, the “LKS” explanation in this book stresses a blind spot in economic analysis of foreign aid ineffectiveness. A major part of this book is a discussion with the leading scholars of the public choice perspective (PCP), who argue that aid is harmful to recipient countries. One of PCP’s explanations is that the self-interest in donors often works against the altruistic objectives of aid assistance and that this promotes corruption and ineffective aid interventions. In this study, however, I show, by using the case of Dutch-Yemen development co-operation, that self-interest is only part of the explanation. More important, I argue, is that donors in fragile states often intend to build recipients’ governance systems, but lack the knowledge of how to do that. Helping fragile states becomes increasingly necessary, not just because morality demands it, but for reasons of global security. Yemen is a “fragile state” It faces plenty of challenges, such as poverty, corruption, social and political unrest, and security. It is a spanning ground for global threats like terrorism, drug trafficking, environmental devastation, and disease. The country has received almost US$18 billion of aid commitments from different donors to develop the capacity of the state and its public sector. However, Yemen has yet to witness improvements in terms of development outcomes with meaningful impact on security and stability. The second explanation of PCP is that a poor policy environment, such as weak institutions and corruption, is the main cause of shortcoming in foreign aid programs. However, it is not a poor policy environment but poor aid policies that are the main problem. Aid policies are often formulated with a lack of a synthesis, research and institutional analysis, and thus misinterpret the policy environment. This book shows that failure to incorporate Local Knowledge in the design and implementation of development projects is a crucial factor to explain the failure of these projects. I focused on the education sector reform as more than 40% of Dutch foreign aid goes directly to the education sector at all levels. I looked at the Dutch NPT program which includes 14 projects implemented in different higher education institutions in Yemen. From these, I selected four projects using a Most Similar Case Selection strategy. They are similar because these projects were all implemented in the same period and had similar objectives, namely to build the institution capacity and capability of the host organizations by building their organizational and administrative structure and increasing the quantity and quality of the members. Some-MPA-NIAS & WRTC- failed, while others-MBA&WEC- were quite successful. The Local Knowledge Syndrome explains this difference.

Donors-Promoted Public Sector Reforms in Developing Countries and the Local Knowledge Syndrome

The Dutch-Yemen NPT Program for Developing the Higher Education Sector in Yemen

Moosa A. A. Elayah