

# Supporting “small” improvements in government functioning: A rough guide for development professionals<sup>1</sup>

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## 1. Introduction

This rough guide offers advice to development specialists seeking to support modest public sector management (PSM) reforms. The first part of this chapter offers suggestions for governance practitioners – emphasising the importance of understanding the technical domain, of practising enthusiastic scepticism as a response to the acknowledged difficulties of the field, of acting with conviction but without professional ego and of recognising the power of honest contestation in a territory which has some entrenched fault lines. In the second part I offer ideas for managing the product, concluding that while it is unlikely that any programme will be right first time, it is important to get it as right as possible about what it is that needs to be fixed, to build in enough flexibility (of ends as well as means) into the project design and to have a working theory about why autonomous individuals might want to change their behaviour as a result of the programme

The starting point for this discussion is that in a development context, asserting that your task is in some way to help the public sector work better – casting light on the darkest parts of the bureaucratic black box – elicits broadly similar responses.

**You will hear that it is vital.** Everyone is quick to assure development professionals working on this area that development is significantly a function of public sector capacity and that governments work better if budgets are better prepared and financial management systems better operated, if arrangements are in place to ensure that skilled staff are recruited on merit and rewarded for doing well, if revenues are raised more equitably and efficiently, and maybe you will even hear that it is important that social and economic regulation is managed more productively. You will certainly hear that anything that helps governments to better commission, fund or directly provide services is important and long overdue.

Those technical objectives might be qualified with various “magic” development terms: “accountable”, “participative” and “inclusive” will be referenced,<sup>2</sup> joining the competition to be “more transparent than thou”.<sup>3</sup> The phrase “problem-based” will likely be included in that list of comforting terms, carrying with it the implication that real problems are those that governments and not donors identify.<sup>4</sup>

Those who follow public policy might contribute to some mutually reassuring ridicule of recent public management fashions; New Public Management will be handled with tongs and a scornful expression<sup>5</sup> and the claims that markets or networks can sweep outdated hierarchies out of the path to progress will be referenced sceptically.<sup>6</sup>

**But you will also be told that it is more or less hopeless.** Under cover of vapid and all-embracing phrases concerning political incentives, ownership and the importance of being context specific you will hear that not much can be done and that focusing on economic policy and growth, combined with a big sector-level push on service delivery, will probably have to do.

So your work is perhaps shaped by a sense of both determination (we have to help make some progress) and anxiety (maybe they’re right, and we don’t know how to help). This makes it tempting to circle the wagons and take refuge in the company of others working on similar tasks. This provides the opportunity for mutual reassurance but unfortunately it also encourages a reflexive conformity with professionally aligned certainties – despite the somewhat patchy evidence behind them. Defensive discussions taking place entirely within the guild of public sector management development specialists or the closed and ancient order of development economists are far from an open-minded contestation of ideas on a tough development challenge.

This rough guide is about navigating through this complex territory. It transgresses many unwritten topical rules of development speak. First, it is addressed to those in development agencies who work on “upstream public sector management” reforms and so is uncomfortably donor centric. This is not because donors are the most important part of the development puzzle (in fact, it argues quite the reverse). The focus on development professionals is simply because, in the complex interplay between diverse internal and external actors and incentives, they represent one variable which can in principle be adjusted.

Second, it is focused on and urges an understanding of the plumbing of the public sector – the seemingly dry although politically loaded elements of the centre of government – and so runs counter to the current drift in development towards broad references to governance and an emphasis on good process as an alternative, rather than a supplement, to good knowledge.

Finally, it urges a relatively narrow focus on a particular set of public institutions. Again (as will be emphasised a lot) this is not because these are the most important elements for action; in fact, as it notes, very reasonable people may reach a very different conclusion. It is because specifying what we are talking about relatively precisely makes it easier to see whether we have something concrete to add. Generalities, whether about public management or any other area in development, really don't help.

This rough guide contains a lot of citations. Some might be of interest and many will probably not be. The reason for including them is to emphasise that in such uncertain and contested territory, there is much to be gained from drawing wisdom and insights from the struggles of others. However one approaches the task of helping to fix the centre of government, there is no avoiding the demanding task of combining knowledge with humility, dialogue and open mindedness.

## 2. Part 1: manage yourself

### ***Know what it is that you (hope to) know***

*Specify the technical objectives of your work*

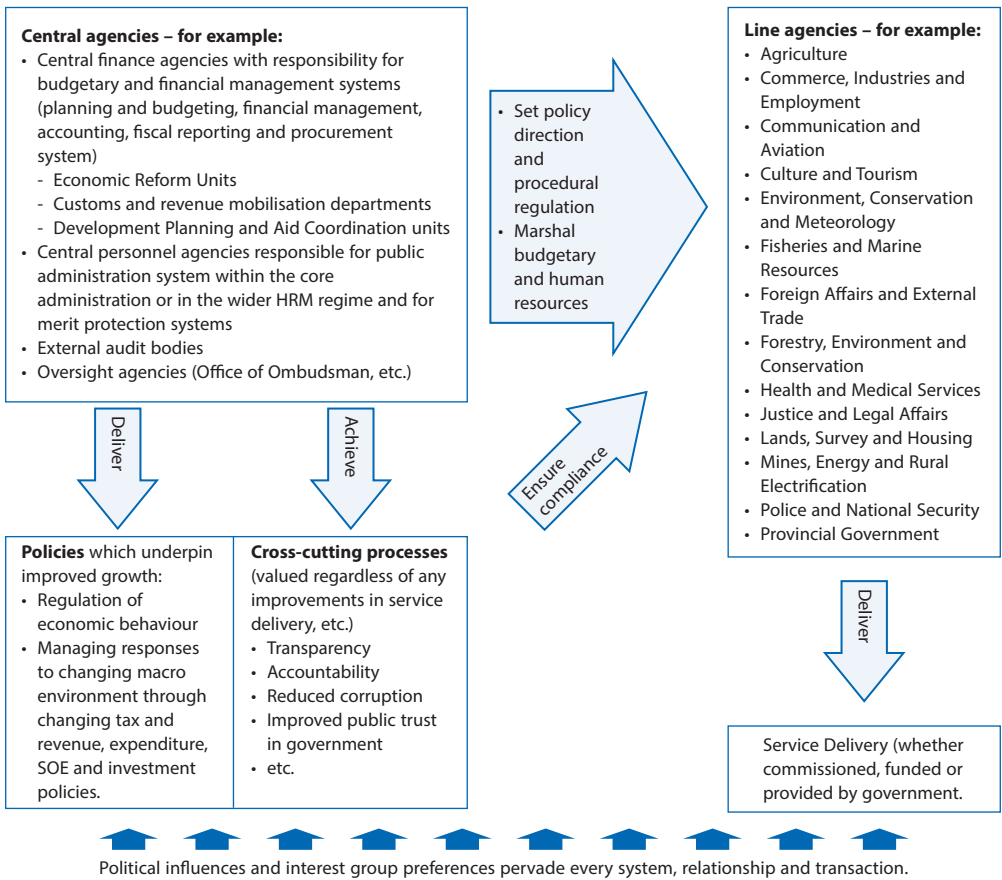
In their magisterial review of public management reform in the OECD, Pollitt and Bouckaert (2011) remind us that, at root, public management reforms are “(d)eliberate changes to the structures and processes of public sector organisations with the objective of getting them, in some sense, to work better” (Pollitt and Bouckaert, 2011: p. 2). The authors highlight the looseness of the concept of public management reform – a looseness which combines with a remarkably weak empirical base to enable those who are broadly sceptical of big reforms and those who retain a passionate enthusiasm for it to comfortably coexist.<sup>7</sup> These loose ideas about what constitutes reform, untethered by actual facts, have created a policy domain large enough to hold many differing views and even more career ambitions amongst advisers and proponents.

Leaving the discussion of public sector management at this level is analytically debilitating and results in many catchphrases but little purposeful movement. However, there are several filters which can be applied to get a more rigorous fix on lasting improvements in the centre of government.

First, while we should celebrate individual managerial effort and drive, these are not by themselves public sector management (PSM) reform even though there are good examples of sheer determination making a difference;<sup>8</sup> PSM reform is a structured, purposeful, timebound programme of lasting change to institutional arrangements.

Second, we can distinguish between the upstream cross-cutting management arrangements in the public sector and the sector-specific downstream arrangements entailed in delivering services. A stylised conception of the upstream public sector is on the left of Figure 1. Upstream improvements concern the core public sector and the functioning of the central agencies (Ministry of Finance, Prime Minister’s Department, Ministry of Public Service, etc.) Downstream improvements focus on performance incentive and control issues at the sector level and the selection of providers and sector funding arrangements. This guide focuses on the former – Annex 1 sets out the latter choices to clarify what it is not talking about.

Figure 1. **Control, regulation and delivery within the public sector**



Finally, and to get even more specific, we may note that those upstream public sector management reforms have, typically, three objectives: 1) systematic improvements in government decision making and policy management (central agencies with better capacity to quality assure policies which support growth and fiscal/environmental sustainability); 2) better processes and cross-cutting management systems (central agencies changing systems across the public sector which foster transparency, accountability, reduce corruption, improve efficiency or accessibility across the board, etc.); or 3) support for eventual improved operational results (central agencies improving how they provide line departments with incentives or opportunities to improve their commissioning, funding or provision of services). These objectives are set out more fully in Annex 2.

### *Balance that technical precision with political realism*

Core public sector management is not separate from politics – political influences and interest group preferences pervade every system, every relationship and every transaction. There are the “big” politics with identifiable elites driven by the self interest of remaining in power or in office and self enrichment; a phenomenon which is more evident in weak governance environments with “extractive institutions” (Acemoglu and Robinson, 2012) or in “limited access orders”, where the consensus about rent distributions between elites is unstable (North et al., 2007). Just as important are the “small politics” of inter-ministerial rivalries, union concerns, and cadre and bureaucratic rivalries.<sup>9</sup> Big and small politics, often hidden from public view, affect how control, regulation and delivery arrangements play out in practice. Thus while many politicians promise improved public sector results, rather fewer seek election on an administrative reform platform, as they know that changes in how money and people are managed within the public sector will prod interest groups into defensive action with few public consequences.<sup>10</sup>

All this is to say that the conception of control and regulation within the public sector offered by Figure 1 is a Platonic ideal more than a Weberian ideal type. These authority relationships within the public sector exist to some degree – but exactly how much in a given setting is an empirical question. As will be discussed below, what you see is often not what you get.

### *Beware of sub-disciplinary loyalties*

“Public management systems” is a common term of art used to understand how central agencies undertake the tasks set out set out in Figure 1. Most would agree that these systems include budgetary and financial management, procurement and revenue mobilisation, and public administration, but whether this is exhaustive – and the exact dimensions of these functions – could be open to considerable debate.<sup>11</sup> The term “public

management system” is useful in providing a common frame of reference that governments, donors and researchers can use both in analytic work and country dialogue. The list of these “systems” is also a list of the main sub-disciplines among public sector development specialists, and here lies the danger. While when building a house, the plumbing really can be installed somewhat in isolation from the wiring, in public sector management the imagery of parallel and completely separate systems is misleading. Advising on aggregate wage bill control is not a task for human resource management (HRM) specialists on their own, any more than it is a task for public financial management (PFM) specialists on their own. In upstream public management reforms, there is a risk that, rather than talking about identifiably distinct systems, we are really talking about professional sub-disciplines competing for prominence and hence career prospects within the donor agency or development community.

### ***Acknowledge the difficulties of the field***

#### *Be clear about why it is so hard*

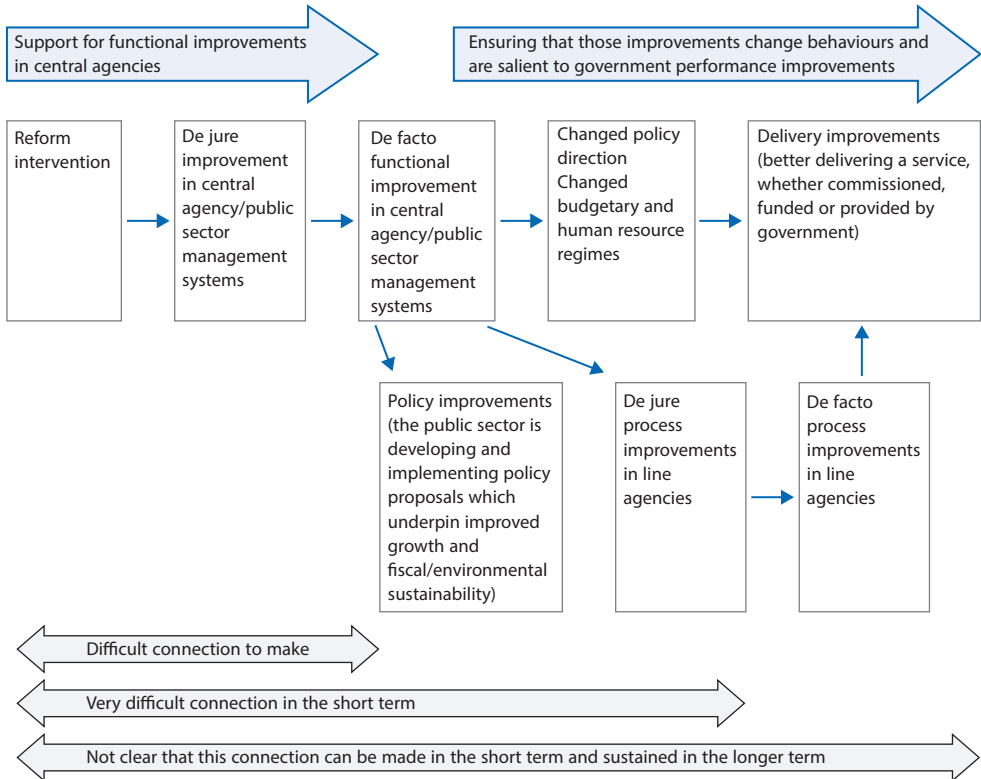
With upstream public sector management reforms defined as having one foot firmly placed near the functions of the central agencies, the reform challenge is then immediately apparent (Figure 2). Upstream public sector management reforms have to reach a very long way down a very tortuous chain of results. Each step is replete with the challenges of explicit and hidden divergent interests and, crucially, each step involves diverse organisational actors who cannot see exactly what the other actors are doing and who are themselves very heterogeneous with divergent internal incentives.<sup>12</sup>

In sum, as set out in Figure 2, the connection between a change at the centre and a change further downstream is increasingly difficult to make. Change agents, even those deeply embedded in the system, do not know enough about what will work in a particular setting to prescribe a series of changes that would resonate effectively through long sections of the results chain.

#### *Be realistic about what we know*

As noted above, public sector management is a data-starved environment – with little appetite for purposeful inquiry (Scott, 2009).<sup>13</sup> There are many possible reasons why research on public sector management reform is lagging behind. They include: 1) that development specialists are more often economists than public administration scholars, with a consequent emphasis on normative prescriptions reflecting assumptions about extrinsic incentives

Figure 2. The challenge of reaching far along the results chain for upstream PSM reforms



rather than empirical research (Stein, 2008); 2) the “ghettoisation” of public administration as a field of study within the larger stream of management studies (Andrews and Esteve, 2014; Kelman, 2007); 3) that public sector management reforms are long term, complex and tough to measure, lending themselves less to rigorous evaluation since, unlike deworming pills, a medium-term expenditure framework cannot be randomised and even if impact evaluations could be constructed, the contextual variables are too complex to track in the case of significant reforms (Basu, 2013); and 4) that ideology has triumphed over pragmatism in the dichotomous assertions that the public sector is either very similar or fundamentally dissimilar to the private sector (Boyne, 2002). This is not to say that the field of PSM research has not made advances – but compared to other policy domains there is relatively little evidence about what matters most in improving public sector performance, in particular in developing countries.

One distinctive problem, as pointed out by the “new realist”<sup>14</sup> approaches to development in general and governance and public sector management in particular (Doing Development Differently workshop, 2014; Andrews, 2013; Andrews, Pritchett and Woolcock, 2012; Blum et al., 2012; Booth, 2014; Booth and Unsworth, 2014; World Bank, 2000, 2012) is that it is expensive and difficult to find out what is really happening before, during and after reforms. So the evidence base needed to underpin both types of knowledge is in very short supply. We can (maybe) see what is happening with the “concentrated agents” at the centre, but it is hard to see what is changing in the behaviour of the “distributed agents” – the “budgeters, accountants, and such in sector ministries, provinces, and districts” (Andrews, 2014: p. 1) – in the spending ministries. A new civil service law or new budgetary procedures can be proposed and agreed, but implementing a new merit-based promotion policy within the civil service requires changing the hard-to-observe behaviour of thousands of public servants, many of whom can continue patterns of patronage while claiming to have introduced the policy wholeheartedly. This is much harder to monitor than it is to know whether more children are being vaccinated as the result of a particular sector reform.<sup>15</sup> This problem of unobserved behaviour is exacerbated by the political stakes highlighted earlier. There are many political temptations to collude with Potemkin Village-like managerial reforms that have little real significance in practice.

The consequence is that we face severe limitations in our ability to advise about how to reach along the results chain because we lack of two types of knowledge: knowledge about reforms in general (what tends to work?) and knowledge about context (what seems to work here?). We do not know enough to know how reforms will play out in a given context.

### *Practise enthusiastic scepticism*

The wider PSM reform industry has set an unfortunate pattern.

If the purpose of PSM reforms (keeping in mind that by this term we mean structured, purposeful, timebound programme of lasting change to institutional arrangements) is to deliver improved public sector outputs or outcomes, then the limited evidence available suggests that public sector reforms focusing on upstream concerns show at best mixed results (Alonso, Clifton and Diaz-Fuentes, 2011; Hood and Dixon, 2015; Van Dooren et al., 2007). Given that, why has there been so much of it? Partly of course it is because, however dim the prospects, often something simply has to be done and, contrary to the common observation that reforms to core public administration are very difficult to implement, in reality they are surprisingly easy to make both in OECD settings (Gingrich, 2015; Pollitt, 2007) and in middle and lower income settings (Andrews, 2013; World Bank, 2012) regardless of their likely ultimate impact.



But much of the reform energy has been stimulated by commodified reform products: managerial prescriptions which over claim about their likely reach along the results chain and which can be applied regardless of the uncertainty about their fit within a complex context. Annex 3 provides a brief historical overview of this rather ingenious packaging. For example, Hood (1991) observed that New Public Management (NPM) was being marketed as “public management for all seasons” – an observation which is implicitly made about public sector management reforms more generally. Various forms of results-based management, most extremely “deliverology” (Barber, 2008; Barber, Kihn and Moffit, 2011; Barber, Moffit and Kihn, 2011), suggest that they have solved the problem of ensuring that reforms in the centre reach right along the delivery chain set out in Figure 2. Critics of these claims (Hood and Dixon, 2015; Seddon, 2008) suggest that this connection is more apparent than real. This is not to say that NPM or other approaches emphasising results are without merits – but it is to say that it is very improbable that they represent a universal solution.

The overselling of reforms has been clearly identified in recent research (Andrews, 2008; Pollitt and Bouckaert, 2011) and the incentives to continue this are obvious. By focusing on promises and sidestepping measures of impact, public sector management reform in OECD countries has become a very large business. In Europe alone, each year governments spend around EUR 30 billion on consulting services to improve public sector performance (Poór, Milovecz and Király, 2012). An investigation by the UK National Audit Office showed that in 2006-07 the UK public sector spent approximately GBP 2.8 billion on buying in management consultants (National Audit Office, 2006).

### And donor-supported PSM reforms have an unpromising family background

In parallel with sceptical debate about the track record of PSM reforms, there is a discussion about whether aid works in general. There is a vast literature on this, but there is enough evidence to suggest that in specific areas it has been significantly transformative, including the Marshall Plan (1948-1952), the “green revolution” and global health programmes which largely eradicated smallpox. At the country level a small group of countries, including the Republic of Korea and Botswana, are often cited as aid success stories as a result of remarkable economic progress following significant aid infusions (Lawson, 2012: p. 3). However, these may be exceptions as, more generally, other than the apparent long-term relationship between aid and very modest increases in growth (Arndt, Jones and Tarp, 2013; Ranis, 2012), development assistance seems to deliver its planned outputs while achieving few results at the outcome level (Riddell, 2014). Deaton (2013: p. 306) speaks for many when he concludes that: “(i)n spite of the direct effects of aid

that are often positive, the record of aid shows no evidence of any overall beneficial effect.”

While Deaton’s conclusion might be uncomfortably extreme, there is a well recognised set of concerns about the pressures facing donor agencies to disburse funds (Mosse, 2013) and to proffer a standard and somewhat inflexible package of advice. While these pressures are often described in terms of the allegedly general tendency for public agencies to seek budget and bureau maximisation,<sup>16</sup> a more charitable interpretation of donor behaviour is that it is shaped significantly by the need for predictability in the operation of large organisations. While staff cannot be hired and fired at the drop of a hat (notwithstanding that donor bureaucracies are increasingly composed of armies of consultants who can, in principle, be hired and fired at short notice), and while budgetary appropriations for development assistance remain largely annual, donors will feel pressures to disburse the funds available to them and to provide the advice which their in-house experts happen to have.

Thus donor-supported public sector management (PSM) reform is at the intersection of two distinctly weak policy domains – public sector reform and development assistance. Development assistance to upstream PSM reform embodies the weaknesses of its antecedents on both sides; in caricature it has inherited the tendency to promote commodified PSM reform packages, reflecting the knowledge and certainties of development practitioners and which they then promote more in accordance with the need to be disbursing to a timetable, and the need to be seen to be active, than with concerns for specific local conditions.

The track record of donor-supported PSM reforms in achieving “big” results is undoubtedly poor

Michael Woolcock (2012) makes a rough and ready distinction between “Big Development” and “Small Development”. Big Development is about significant improvements in state capability, entailing progress along key dimensions: economic wealth based on productivity growth; politics which reflect citizen preferences; equality of rights, responsibilities and opportunities; and rational, impartial administrative procedures. Small Development can be said to be about *some* better policies for growth and fiscal/environmental sustainability, *some* improved accountability and reduced corruption, and improved services for *some*.<sup>17</sup>

There is no shortage of observations that donor-supported PSM reforms have done little to drive “Big Development”.<sup>18</sup> While there have been some large-scale successes for development assistance, these have largely excluded public sector management. In relation to the major public health advances for which development assistance can take significant credit,

Morrison (2013) highlights the scale of the operational advances in the measurement of health impacts in the early 2000s which led to major cost savings and efficiencies in HIV/AIDS and malaria programmes through a careful analysis of how dollars were invested, as compared with disease burdens and local capacities. The work included reshaping markets to reduce input costs and achieve efficiency gains in the number of persons with HIV on assisted antiretroviral treatment. A similar phenomenon was seen with respect to both the Global Polio Eradication Initiative and malaria efforts – better diagnostics and improved outcomes were achieved through a determined and large-scale effort. However, donor-supported improvements in national level public sector management did not figure centrally in these reforms (Morrison, 2013: p. vi).

If the assumption is made that “Big Development” generally requires big “transformational” change in public sector institutions, then donor-supported PSM reforms might not even have achieved much in reaching that intermediate step. The World Bank concluded in 2008 that less than a quarter of its public sector reform projects were associated with significant major institutional improvements at the country level (IEG, 2008: Table 4.1). It noted that “(o)f 80 countries that received PSR (public sector reform) lending in 2007-09, 39 per cent improved their governance CPIAs (Country Policy and Institutional Assessment) (2006-09) and 25 per cent had declining CPIAs... (but) countries with no PSR lending in 2007-09 had similar rates of CPIA changes.” (Independent Evaluation Group, 2011: pp. 68-9). Turner (2013) confirms the rather gloomy picture for recent UK support for PSM reform.

The following chapter offers some speculations about what it might take to develop forms of assistance for radically transforming PSM reforms.

### **Act with conviction but without professional ego**

*Take heart – “small” results from donor-supported PSM reforms are within reach*

The missing impact of donor-supported PSM reforms can be interpreted as meaning that the entire donor-supported upstream PSM reform enterprise has failed and that the increased emphasis on PSM in donor priorities which emerged prominently in the 1990s was misplaced (Pritchett and de Weijer, 2010).

However, while PSM reforms with large-scale impact might be in short supply, there are more optimistic signs about upstream PSM reforms and “Small Development”. As Blum (2014) has recently found, when controlling for country context (and very particularly the presence of programmatic political parties), the results of World Bank public sector management project projects have a success rate (as defined by the criteria which the project set for itself)

similar to those for projects in other sectors. This of course does not address the possibility that reform ambitions are being dumbed down in tough contexts to achieve these results. Nevertheless, donor-supported upstream PSM reforms do seem to be able to achieve small, modest results, results which do not claim impact far down the results chain but which introduce changes which, ultimately, could have a lasting and cross-cutting benefit. This storyline is supported by the type of result reflected in the World Bank’s review of success stories in institutional strengthening for its poorest clients (IDA, 2013). The finely disaggregated level of PSM project *components* reflects donor ambitions to introduce small changes such as a new chart of accounts or a new selection procedure for senior public sector staff appointments, as distinct from the project-level ambition of more comprehensive public financial management or HRM reforms. The World Bank was supporting over 1200 small-scale reforms as reflected by the number of such project components active in its financial year 2013-14. Of those, where the targets were objectively measurable and entailed changes in behaviour rather than changed rules, regulations or other paper commitments, just under 80% were successful.

To avoid over-excitement here, we should note that only around 30% of project components had such targets – the other components were assessed against inputs such as training provided (Austria and Srivastava, 2014). So, at the extreme, this leaves open the possibility that micro (component-level) successes that mattered were only around 20% of the total. We should also note that few of these small successes were in fragile states where, arguably, it matters most.

*But the supporting arguments about why small is worthwhile can lead to entrenched positions*

If it is correct that donors can and do help make small improvements in upstream PSM, then the argument for engaging with them is essentially that small things can add up to something big over the longer term.<sup>19</sup>

However, this argument requires some working assumptions about sequencing. Traditional sequencing arguments have two parts. The first is based around the premise that some basic disciplines (typically around managing public financial management inputs and human resource management) should be entrenched prior to starting more advanced PSM reforms including arrangements for measuring and managing outputs/performance.<sup>20</sup> This case was most prominently articulated by Schick (1998) with the associated mantra of “look before you leapfrog”. This was followed by the World Bank’s Public Expenditure Management Handbook (World Bank, 1998) which stressed the importance of getting the basics right first:

- control inputs before seeking to control outputs

- account for cash before moving to accrual accounting
- operate a reliable budget for inputs before moving to budgeting for results
- make a comprehensive budget and reliable accounting system before trying an integrated financial management system
- get a proper budgeting and accounting function before strengthening the auditing function
- do reliable financial auditing before trying performance auditing.

This logic was operationalised most clearly in PFM in the platform approach proposed by Brooke (2003) in the “hurdle approach” to PFM reform in Thailand (World Bank, 2002) where competence in a set of internal ministry processes were prerequisites for enhanced autonomy, including budget planning, output costing, procurement management, budget and funds control, financial and performance reporting, asset management, and internal audit. In relation to PFM, the most recent (and most comprehensive) summary of assumptions concerning what comes first is set out in Diamond (2012).

Similar ideas are found in relation to HRM within the public sector. See for example Manning and Parison (2003, particularly Figure 3) and the emphasis on different possibilities for HRM reform once a “formality threshold” has been reached and the “tradition of rule following is well-entrenched” – whether that entrenched formality is around the neutral, apoliticism urged by the western public sector tradition or the disciplined commitment to the specific policy doctrine of the agency that they work within that Rothstein (2014) finds in the administration of China. A “basics first” logic has also been proposed in relation to the introduction of a performance orientation in the public sector (Manning, 2009).

The second part of the sequencing argument is that a public sector which is well-functioning in some sense is a precondition for growth and development. This part of the argument is summed up well by Henderson et al. when they note that: “there is in general a strong relation between the competence and effectiveness of public bureaucracies and their consequences for poverty reduction... (and) given a solid and sustained record of economic growth, the balance of presumption must be that the bureaucratic quality of public institutions in a given country is decisive for that country’s ability to reduce poverty” (Henderson et al., 2003: p. 15).

Both parts of the sequencing argument are open to debate. On the establishment of basic disciplines, while the PSM literature is replete with injunctions to “do first things first”, we are far from sure what those first things might be. There are many attempts at defining exactly what is

meant by the “basic disciplines” in public financial management with many similarities but with less than perfect consensus.<sup>21</sup>

On the second part, the specifics of exactly which institutions have been shown to matter for social and economic development are very unclear. Current evidence points to those that protect the returns on private investment, in particular property rights and the rule of law, but little beyond that. While Evans and Rauch (1999) show a causal link between the quality of public administration and economic growth, for example, examination of growth accelerations such as China after the late 1970s and East Asia from the early 1960s do not reveal any significant public sector management reforms which preceded them (Hausmann, Pritchett and Rodrik, 2005). Overall, a foundational level of institutional quality in relation to property rights and the rule of law appears to be necessary for sustained economic growth (Acemoglu, Johnson and Robinson, 2001; Rodrik, Subramanian and Trebbi, 2004) – but beyond that, it is not clear which institutions are causally related to economic development and in fact the direction of causation might be the reverse, with richer societies demanding better governance structures (Booth, 2015).

Both parts of the sequencing arguments, “basic disciplines first” and “an effective state is essential”, are often favoured by avid proponents of upstream work (we might call them “upstream PSM foundationalists”). In their view, there is little point in pushing for other sectoral or economic reforms without a capable state, and to get there requires that some fundamental public sector management disciplines are entrenched.

But the non-foundationalists have a reasonable position too. Maybe both parts of the sequencing argument should be reversed – concluding that it is wider governance reforms which will, over time, drive the evolution of a more efficient non-partisan administration and that evolution within the public sector will be uneven and occasionally undisciplined, with ad hoc public sector reforms supporting a growing state capability.

One thing is for sure – we do not have a settled view on how public sector reform and social and economic development interact:

...there is little evidence – or theory – to suggest how the different elements of statehood interact during state-building in fragile contexts. Familiar historical precedents don't help, because Western European budgets and treasury systems evolved alongside external accountability and administrative capacity, making it impossible to establish which caused which. We do not know enough about state-building to understand how the different dimensions of statehood fit together. (Hedger, Krause and Tavakoli, 2012: p. 3)<sup>22</sup>

Despite the strength of the case for agnosticism, there is a tension among those working on public sector management between the “upstream PSM foundationalists” and the “non-foundationalists” about whether core administrative capacity leads or follows growth and broader governance improvements, which is consistent with the tradition in the development field of certainty without evidence. This can lead to deep and unyielding divisions within development agencies about the logic of which PSM reform should be supported, when and where.

### *That is not the only fault line*

There is a further stylised split in the development field between the “institutional symmetrists” and the “particularists” – a stylised distinction about whether administrative capacity is helped or hindered by sector-specific, asymmetric developments.

The background to this dispute is the question of whether public management systems really need to be improved “symmetrically” across the whole of government or whether sustainable improvements are more feasible but still sustainable if undertaken sector by sector, cadre by cadre, or entity by entity (Hakimi et al., 2004; Nunberg and Taliercio, 2012).<sup>23</sup>

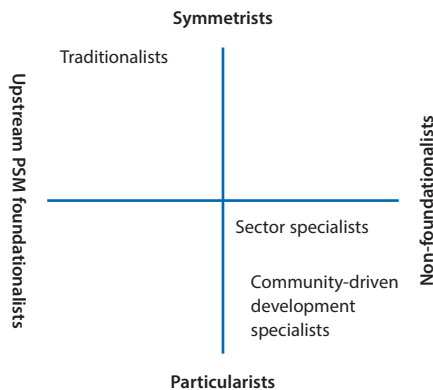
Ultimately, the symmetrists are concerned that asymmetry undermines or overloads country public management systems in the same way that donor projects can (Knack, 2013; OECD, 2008). The particularists do not necessarily disagree with that position, but they note that means should not be confused with ends and that ultimately the objective is to build strong systems, not to put the existing arrangements on a pedestal. If, in a particular context (say the development of a Financial Management Information System), the project procurement is handled more efficiently by the donor but the result is a stronger financial management system, then the price of a parallel system might be worth paying (Dener, Watkins and Dorotinsky, 2011). Similarly, if diverse pay regimes can be managed without leapfrogging in pay bargaining rounds, then symmetry has no intrinsic value.

### *Productive contestation is key*

Thus, with evidence (or lack of) to suit every position, we end up with the territory set out in Figure 3. Arguments can be made for any position on this map in specific contexts, but the PSM traditionalists tend to gravitate to the top left, the sector specialists (health, education, water etc.) somewhat to the bottom right, and the community-driven development specialists further in that direction. Nothing wrong with broadly different perspectives of course – but there is a serious problem when empirically unsupported positions become articles of faith for particular professional groups, to be

adhered to under all circumstances. The result can be self-reinforcing expert camps – each seeking validation from the like-minded and none subject to verification. Levy (2014) identifies the somewhat shameful conflicts within the World Bank when considering governance reforms between, on the one hand, “governance advisers who saw the “strengthening of ‘country systems’ within the public sector as key to effectiveness” and, on the other, “protagonists who gave priority to more bottom up, community-based approaches” and champions of “vertical global programmes” which, the governance advisers felt, undercut country ownership and “added new difficulties to the challenge of strengthening country systems” (Levy, 2014: p. 5). In a zero-sum competition for prominence and project finance, one side “wins”, and the knowledge of the other side is lost.

Figure 3. **Schools of thought on upstream PSM**



Against this context, the key for the intrepid development professionals seeking to help fix the centre of government is to engage in honest contestation. In a situation with such weak empirical evidence open-mindedness and ego-free contestation with those who adopt different positions are particularly important. The challenge is to devise mechanisms and to provide role models to encourage all to contribute their best knowledge.<sup>24</sup> The most recent World Development Report cites evidence that group deliberation among people who disagree but who have a common interest in the truth can harness confirmation bias positively (World Bank, 2014: p. 183). It is a well-established finding that “contestatory modes of communication” are helpful for “more fully exploring all sides of an issue, for uncovering shared information, and for reducing confirmatory bias” (Bächtiger and Gerber, 2014: p. 116).



This is easier said than done of course. It is not obvious how to organise such vigorous contestation when some of those involved can opt out if they find the vigour a little daunting.

Within donor agencies, the most likely approach is to upgrade the generally rather toothless peer review process, “institutionalising teams that review plans in an explicitly argumentative manner” or creating review teams which are institutionally distinct from proponents, to create space for more candour and critique (World Bank, 2014: p. 184). In addition, it is necessary to exhaust the available research evidence, even if it is far from sufficient (Ravallion, 2011). It is yet more challenging to develop protocols for such vigorous contestation with counterparts and local actors – although Booth and Unsworth (2014) point out that contestation is often part of the process of working with complex coalitions during reform. It is clear however that the nascent discipline of “collaboration engineering” (Kolfshoten, de Vreede and Briggs (2010) has certainly not been comprehensively mined to identify possible strategies.

### 3. Part 2: Manage your product

#### ***Don’t be ashamed of doing “small”***

*A good adaptive process is necessary...*

As argued above, donor-supported upstream PSM reforms have a reasonable success rate for “small” improvements, particularly considering their rather dubious parentage. However, reasonable is far from good. The current “new realist” approaches to development in general and governance and public sector management in particular essentially argue for a reform approach which is agnostic about preferred processes or organisational forms and locally led and adapted as lessons emerge during implementation.<sup>25</sup> In OECD countries, Pollitt and Bouckaert (2011) have made similar arguments for moderation and adaptive approaches. Melchor (2008) and the OECD (2005) both observe and welcome the prevalence of incremental adaptation in reform. In incremental, adaptive approaches, the results of each change are monitored and course corrections are made, iterating towards an ultimate solution.

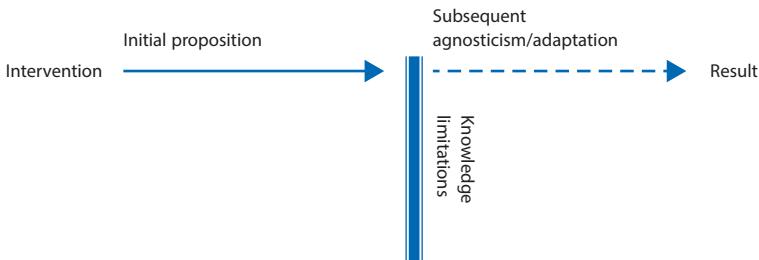
The approach is logical as there is now a widespread agreement that PSM reforms address “adaptive” rather than “technical” problems. “‘Technical’ problems can be addressed by a technical/expert, whereas ‘adaptive’ problems require deeper transformation by more people in the community who have to change their values, behavior or attitudes” (Heifetz, 1994). As Booth rather memorably puts it in reference to some complex institutional reforms in the Philippines: “This was a guerrilla operation, not a war of fixed positions” (Booth, 2014: p. ix).<sup>26</sup>

As noted, these arguments for adaptation and agnosticism stem from the limits of our knowledge about public sector management in general, and particularly the consequence of making changes in particular settings. Adaptation and agnosticism are not good things in themselves; they are part of the general tactical case for cautious incrementalism in reforms, along the lines of the observations made by Lindblom (1959) concerning “muddling through” within large bureaucracies, as a rational way of managing complexity and the inherent uncertainty in predicting exactly what the consequence of reforms at each stage will be.

*... but can be hard to sell...*

Reforms have to begin somewhere – it is necessary to “develop initial responses which are then modified over the life of the project” (Brinkerhoff and Ingle, 1989: p. 490). After all, “it is difficult to hold the attention of those eager for progress and clear answers with responses that amount to ‘Well, I’m not sure, but let’s explore this more and perhaps we can generate some ideas...’” (Grindle, 2013: p. 400). Subsequent adaptation is necessary where the results of further reform are not known (or could not be known) with any degree of confidence in advance (Figure 4). When knowledge limitations raise uncertainty about the likely result of further change beyond any reasonable limits, it is obviously sensible to proceed cautiously and, using the insights of local personnel who understand the realities on the ground and can see changes as they happen, push forward adjusting and redesigning the intervention logic as facts become clear.

Figure 4. **Combining prior certainty with subsequent adaptation**



*... and a good technical starting point remains key*

These are arguments that an agnostic/adaptive approach is necessary, not that it is preferable. Adaptation is obviously cheaper than failure, but it is more expensive financially and in opportunity costs than getting it right first time. The recent reform of the public sector pay system in Afghanistan took three years to pass and eight to implement – should this attempted solution to the problems of weak accountability and lack of merit be iterated and adapted? How long have we got?

The more that reformers, local and/or external, know what to do, the less costly and time-consuming the reform. The challenge is to maximise knowledge, accepting that the less that is known the more adaptation is necessary. The further that the knowledge limitation boundary line in Figure 4 can be pushed to the right, the better.

### ***Keep in mind the three keys to getting it as right as possible***

If intervention design is, in caricature, a process of identifying a starting proposition to be modified over the life of the project, there are three dimensions in that proposition to get right:

1. What is the context-specific thing that is being fixed?
2. How will we help fix or improve it?
3. What is our autonomy-respecting idea about why the actors involved will want to change their behaviour?

The need to answer the first two questions is self evident; the “what” and the “how” are clearly crucial to understanding the way that the programme is meant to operate. The third concerns an articulated theory of change and this could be seen as a mere embellishment. Why worry if it is not obvious why the intervention works as long as it does? Like all theories, there are two purposes of an explicit theory of change. By providing ideas which can be tested in practice day to day, it is a device for keeping an open mind to the need to change strategy without waiting for long-term evaluation. It also provides a way of leveraging the impact of a successful project through convincing others to take actions in line with the theory.

Improving the accuracy with which these questions are being answered, pushing the knowledge limitation boundary line in Figure 4 to the right, speeds effective reform by reducing the need for further complex adaptations and restructurings.

### *Get it as right as possible about the context-specific thing that is being fixed*

Most project documents reveal that knowledge about how the current arrangements work in practice is very limited. They contain a seemingly complete description of how the public sector could work in the future, showing the assumed connections between formal institutions and arrangements, behaviour of the key actors, and the final results. However, the frequent assumption is of current institutional *terra nullis*, as if reforms can be introduced without reference to existing custom and practice.<sup>27</sup> Project documents are very often generic with little evidence of a real understanding of how the connections work in this particular setting, and no admission that the understanding is incomplete

In seeking to understand how things work right now, reformers should heed the words of Avinash Dixit who concluded his Presidential Address to the American Economic Association on “Governance, Institutions and Economic Activity” with a call for caution: “before recommending any change, you should determine whether existing institutions are there for a good reason, and how your reforms would interact with them in the short run and the long run. I am not saying that everything that is there is there for a good reason, but it is better to start with a presumption in favour of what has existed for a while than the presumption that everything should be changed to match the successful formal institutions in advanced countries” (Dixit, 2009: p. 21).

Others have made similar points about specific upstream public management systems – arguing that apparent dysfunctions are actually misunderstood functioning arrangements: “Patronage systems are not synonymous with bad governance... Managers with discretion over hiring have significant opportunities to create islands of excellence... The fatal weakness of patronage systems is that they are capricious, not that they are inevitably incompetent” (Grindle, 2012: p. 261). Similarly, Srivastava and Larizza (2013) point out that apparent dysfunctions such as the rapid “shuffling” of staff works perfectly well at constraining the power of (and information held by) senior administrators who might use that to limit the ability of politicians to allocate goods and services to favoured groups.

Proposing change without an understanding of how the current arrangements operate in practice – the formal and informal arrangements which drive current behaviour and the consequences of that behaviour – is a proposal for disruption without direction.

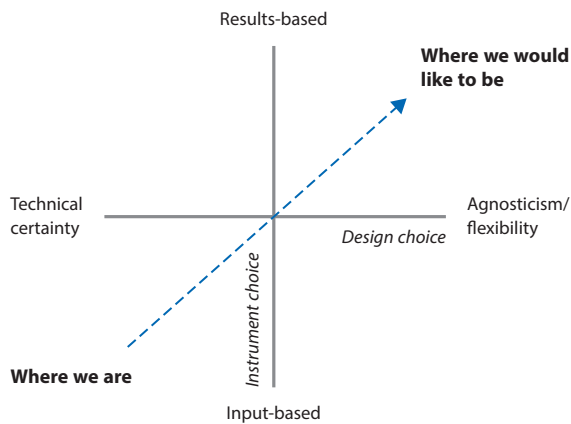
### *Get it as right as possible about the type of intervention which might help*

Proposals for the deployment of inputs within an intervention are usually set out as part of a logical framework – an approach which has become a more or less standard tool in development agencies since its initial development by the United States Agency for International Development (USAID) in 1969 (DFID, 2009; Team Technologies, 2005). It is a way of structuring the thinking of donors and counterparts as projects are being prepared – requiring them to develop a logical claim running from their activities, through outputs and purposes, to development goals. The problem is that when prepared as stand-alone documents, they are more akin to engineering templates in which all the facts are known and hence all the inputs fully described and costed, year by year. It would be a brave task manager within a development agency that sought financing for a project in which they could not, before starting, describe the types of inputs required, the amounts that they will cost and the likely year when the expenditure will occur.

The problems inherent in logical frameworks have been understood for some time. They lock a project concept and all its assumptions in place, on the basis of very modest understanding of complex and perhaps fast-changing environment (Porter, Allen and Thompson, 1991).

Moving to a results-based project approach, in which the objectives (and maybe the incentives) are centred around what is to be achieved rather than how it is to be done, is no magic bullet here. As Figure 5 highlights, there is the separate question of whether the design choice locks in assumptions about the intermediate problem to be solved – assumptions which might later prove to be flawed. For example, ensuring an apolitical hiring process for senior officials might seem an obvious objective en route to improving service delivery – but might be followed by the later discovery that patronage appointments by well-intended ministers are much more effective. It is not making progress to continue to drive towards results which the course of the engagement have gradually revealed to be misplaced.

Figure 5. **Instrument choice and design choice are separate questions**



Source: Roseth, B. and V. Srivastava (2013), “Engaging for results in civil service reforms: Early lessons from a problem-driven engagement in Sierra Leone”, *Policy Research Working Paper*, No. WPS6458, World Bank, Washington, DC: p. 5).

It is one thing to find appropriate project frameworks which avoid locking in a blueprint; it is another to motivate staff to use that flexibility. The 2015 World Development Report (World Bank, 2014) cites evidence which shows that, despite a record of failure, as sunk costs in a project increased, the propensity of the staff to continue with the project also increases.<sup>28</sup>

If we are going to be flexible about how to improve upstream PSM reform, then we need to have some intelligence about when efforts seem to be going off track. We are probably not going to find indicators at the aggregate “strength of the public sector” level (Pritchett and de Weijer, 2010). We are likely to do better at the level of specific management public management “systems”, where there are now a variety of instruments for measurement including the World Bank’s Country Policy and Institutional Assessment (CPIA), Public Expenditure and Financial Accountability (PEFA), the Tax Administration Diagnostic Assessment Tool (TADAT) for public financial management systems and the Methodology for Assessing Procurement Systems (MAPS) for procurement. These indicators can offer great insights but require much care as not everything that can be measured requires improvement and not everything that requires improvement can in fact be improved.<sup>29</sup>

In sum, project design needs to build in flexibility about ends as well as means which can be harnessed without disincentives for donor staff, and also needs to provide meaningful early alerts about progress.

*Get it as right as possible about why autonomous actors would want to change behaviour*

“Theories of change” is a new big thing in development. While at times it is a rather theological concept,<sup>30</sup> it seeks to unpack the crucial question of *why* the relevant actors will make the changes assumed within a reform programme which, if it is to have any basis in reality must be “autonomy-respecting” (Ellerman, 2005) since compulsion is both infeasible and ineffective. The term is intended to mean “the rationale behind an... intervention, describing the relationships – and identifying the assumed links – between activities and desired outcomes. It shows a series of expected consequences...” (Dart, Hall and Rudland, 2010: p. 17). It is a “theory” because it produces predictions which are capable of falsification about why facilitating some managerial or institutional changes will lead to others and eventually to the desired improvement in the results chain. The purpose of an explicit theory is to mobilise others to help and to sound an alarm if the assumptions on which the project is based turn out to be wrong. The risk in not having an adequate theory of change is that all involved might not be sufficiently mindful about whether reforms are headed in the right direction and whether any course corrections are needed.<sup>31</sup>

Despite powerful arguments for “nimble political analysis” and the messages emphasising the importance of “working with the political grain” (Booth, 2011; Fritz, Levy and Ort, 2014; Yanguas and Hulme, 2014), donor programmes rarely seem to offer testable theories of change. The recent political economy rhetoric within the development world has been marked by

set piece “political economy analyses” which comprise “standalone products, designed by specialist consultants or academics, for individual donor agencies” (Fisher and Marquette, 2013: p. 3) but with little predictive power.

In science, a theory is an explanation for a broad set of observations, supported by multiple lines of evidence. In public management reform, given the weakness of the evidence base, we might do better to talk about “informed change hunches”. Since there is no first best or obvious answer to the politician who asks “why be the first minister to abandon the political capital that patronage can bring?” (World Bank, 2012: p. 5), we need to be able to articulate through explicit theory or informed hunches what might bring about change and why – and to be prepared to abandon our hunch/theory if we see that it was simply wrong. The arguments made by Wild et al. for indicators which test whether a working theory of change is being applied in practice through measures of “the extent to which issues have local salience or relevance, and whether processes give priority to local leadership and capacity”, “the use of the best knowledge available about the local political economy and its dynamics”, “learning in action... (and) the use of feedback loops” and “attempts to monitor and measure innovation processes and impacts” (Wild et al., 2015: p. 42) are practical steps in this direction.

#### 4. Concluding thoughts

The message of this guide is that intrepid development professionals seeking to help fix the centre of government have a tough journey to make. The task itself is intrinsically difficult, and the tradition in the public management field of over-claiming and over-generalising about reform products have led to an unhelpful tradition in which rhetoric has long since overpowered empirical evidence. Nevertheless, with much luck and minimal ego, intrepid professionals can help bring about small but useful changes, particularly when they act with due modesty and welcome open contestation of their ideas – and these small changes can add up to something big over the longer term and can ensure that downstream delivery improvements are sustainable.

## Annex 1

### The PSM choices in downstream service delivery arrangements that this guide is not discussing

Choosing performance incentive and control issues at the sector level	+	Choosing providers and funding arrangements
<p><b>Trust and altruism:</b> reliance on professional standard-setting and self-regulation (e.g. the traditional dominance of teachers and doctors in the management of health and education services).</p> <p><b>Hierarchy and “intelligence”:</b>* the general provision of performance information but with no particular incentives attached to it (e.g. the relatively loose performance-<i>informed</i> programme budgeting structure in many settings including the Russian Federation)</p> <p><b>Hierarchy and targets:</b> performance-<i>driven</i> budgeting with a requirement to report on performance expectations in budget and on results in entity reports with more or less mechanical consequences (e.g. the No Child Left Behind legislation in the US, UK National Health Service (NHS) reforms).</p> <p><b>Choice and competition:</b> money follows choice combined with supply-side flexibility (e.g. Charter schools).</p>		<p><b>Vertically integrated providers</b> with service provided by ministries and departments in central, state or local governments using core country systems.</p> <p><b>Project implementation units (PIUs) type arrangement:</b> unit on budget but using consultants outside of the general human resource management regime.</p> <p><b>Special purpose agencies:</b> unit within government with independent funding, outside of existing financial management and human resource management regimes.</p> <p><b>Non-market non-profit institutions that are controlled and more than 50% financed by government:</b> schools, hospitals, etc. that are largely funded and controlled by government but not owned by government; social funds.</p> <p><b>Market producers, controlled by government, selling goods or services at an economically significant price (“public enterprises”):</b> Publicly owned banks, harbours, airports.</p>



**Voice and public ranking:** naming and shaming (e.g. citizen scorecards in the Philippines).

Developed from Bevan, G. (2012), *The Challenge of Designing ‘Good Enough’ Performance Measures & Results Framework*, London School of Economics, London, and Le Grand, J. (2007), *The Other Invisible Hand: Delivering Public Services through Choice and Competition*, Princeton University Press, Princeton, NJ.

**Market or non-profit producers, whose indirect public funding comprises more than 50 percent of total revenue:** for example profit or non-profit private hospitals significantly dependent on publicly insured clients

**Private enterprises with a statutorily privileged market position:**

Private sector utilities licensed to operate in very limited markets (water, energy, sewage, waste disposal, post, local public transport companies, national train company, etc.).

**Contracted out services.**

**Pure market provision:** limited or no sector-specific regulation.

Partly developed from Inter-Secretariat Working Group on National Accounts (1993), *System of National Accounts 1993*, European Commission, IMF, OECD, UN and World Bank, <http://unstats.un.org/unsd/nationalaccount/docs/1993sna.pdf>.

\*\*“Intelligence” refers to the general provision of performance information but with no particular incentives attached to it.

## Annex 2

### The objectives of upstream public sector management reforms

Successful upstream public sector management reforms are structured, purposeful, timebound programmes of public sector management changes which achieve:

- A. **Systematic improvements in government decision making and policy management:** central agencies delivering policies which better support growth or fiscal/environmental sustainability:
  1. Regulation of social and economic behaviour in key sectors e.g. food or transport safety.
  2. Management of responses to changing macro environment through improved tax and revenue, expenditure, state-owned enterprise (SOE) and investment policies.
  3. Management of infrastructure or other public investments which the private sector is unable to finance or bear all the risk.
  4. Developing or managing broad policy proposals or in identifying emerging social and economic challenges and proposing solutions.
  5. Setting specific sector policy objectives, such as reimbursement methods for allocating recurrent budgets to hospitals, or incentives for efficient water use.
- B. **Better processes and cross-cutting management systems:** central agencies changing systems across the public sector which foster transparency, accountability, reduce corruption, improve efficiency or accessibility across the board, etc.:<sup>32</sup>
  1. Budgetary and financial management system:
    - planning and budgeting
    - financial management
    - accounting, fiscal reporting and audit.

2. Procurement system:
    - quality management in legislations and regulations
    - capacity development
    - operations and market practices
    - transparency.
  3. Public administration system:
    - management of operations within the core administration
    - quality management in policy and regulatory management
    - co-ordination of the public sector HRM regime outside the core administration.
  4. "Public information" and administrative accountability systems:
    - access for citizens to information including open government and transparency
    - public accountability mechanisms and anti-corruption authorities
    - monitoring and evaluation framework for sector ministries.
  5. Revenue mobilisation system:
    - tax policy
    - tax administration.
- C. **Eventual improved operational results:** central agencies improving how they provide line departments with incentives or opportunities to improve their commissioning, funding or provision of services:
1. Setting policy direction for line departments.
  2. Better procedural regulation of line departments.
  3. Better marshalling of budgetary and human resources for line departments.

## **Annex 3**

### **The historical commodification of the PSM reform product**

#### **1970s – the development of reform products with big sales potential**

The rise of “managerialism” in the 1970s can be seen as the development of a set of ideas and approaches which could be sold by charismatic generalists. Managerialism pushed back against the notion that improvement in delivery was obtained by improving large sets of formal rules which are deeply technical and specific to the public sector (Bach and Kessler, 2009). It was driven by a belief that institutions perform as well as they are managed – and that there was a distinctive skill set that good managers acquired, whether in the public or private sectors (Drucker, 1974). Efficiency in delivering results, of whatever nature (in the case of the public sector this might be around the provision of services, policy, regulation or taxation) would be as good as the quality of managers, and the flexibility that deregulation gave them to exercise these skills (Gore, 1993). After all, managerialism is a “set of beliefs and practices (that) will prove an effective solvent for ... economic and social ills” (Pollitt, 1990: p. 1).

#### **1980s and 90s – a special range of reform products developed for sale to the public sector**

This theme was picked up and developed in a set of ideas which Hood labelled “New Public Management” (Hood, 1991). NPM sought to extend private sector management practices and introduced the idea of developing quasi-contracts within the public sector in which disaggregated entities committed to providing specified outputs in exchange for budgeted resources. In this way, it was NPM, more than managerialism, which challenged the long-standing notion that the basic organising principle of the public sector was hierarchy – it noted that many elements of the public sector could be organised as a set of internal trading operations (Schick, 1996). By emphasising efficiency and not differentiating across delivery mechanisms, NPM also led to considerable contracting in of services from

the private sector. If the outputs that were to be purchased could be specified internally, then they could also be set out in tender documents. Thus, while managerialism had individual agencies as its target, NPM looked at the sector in which they were operating since creating markets where none existed before became an important objective if the power of the private sector was to be harnessed.

NPM represented a segmentation of the market that had been created for the sale of generic managerial solutions across public and private sectors. NPM accepted that the public sector was somewhat different – and indicated that there is a generalisable approach (that could be sold) which applies across it.

### 2000s – range of public sector reform products expanded

A similar interpretation can be given to the more recent pushing of the “choice” agenda where service users have information about the performance of schools or hospitals and then choose to take their business to those that seem the most promising (LeGrand, 2007). This is a demanding method for organising the public sector as it requires public funds to follow customer choice and that entities whose services are not in demand can be allowed to fail – requiring a public sector equivalent to bankruptcy. It is another sweeping change, suggesting that an army of skilled consultants will be necessary to introduce it.

Most recently, discussion concerning public sector management has promoted the idea that many complex, multi-faceted problems (e.g. providing community care for the frail elderly) rely on networks of providers who must co-ordinate at the local level and recognise that they are providing services, not simple products, according to the highly differentiated needs of individuals (Osborne, Radnor and Nasi, 2013).<sup>33</sup> This requires recognising service recipients as active partners (co-production) and decentralised funding which is pooled between agencies. It also implies that the purpose of reform is less about better implementation of political priorities through more disciplined hierarchies or improved efficiency in the production of public services through quasi contracts; instead, like choice, it is more concerned with improving the public’s perception of the ultimate value of the service (Blaug, Horner and Lekhi, 2006; Moore, 1995). Challenges in this model include the question of how to evaluate and incentivise agencies and individuals when they are part of a complex network of services and where the outputs that they are responsible for cannot be specified in advance (Sandfort and Milward, 2007). From this more recent perspective, innovation is valued over predetermined approaches and management techniques, with diverse experiments in incentivising some risk-taking by public employees (OECD, 2013).

## Notes

1. This note has benefitted from many useful comments from colleagues. I am particularly grateful to Naaz Barma (Assistant Professor of National Security Affairs, Naval Postgraduate School), Jurgen Blum (World Bank), Bill Dorotinsky (World Bank), Philipp Krause (Public Finance Team Leader, Overseas Development Institute), Barbara Nunberg (Professor of Professional Practice in International and Public Affairs, Columbia University) and Geoffrey Shepherd (consultant) for their insights and wisdom.
2. A phenomenon noted by Carothers and Brechenmacher (2014).
3. A competition spotted by Hood (2006: p. 9).
4. Blum, Manning and Srivastava (2012) did not invent the movement but are representative of the trend.
5. There is a large literature criticising the overselling and damaging effects of New Public Management. See Manning (2001) for developing countries, and Pollitt and Dan (2011) for its impact in the EU.
6. As in Manning and Lau (forthcoming).
7. See Dunleavy and Carrera (2013) and Pollitt and Bouckaert (2011) as examples of the former, and OECD (2005) as an example of the latter.
8. Chakrabarti (2013) for example.
9. Ear (2009) provides a fascinating case study of donors confronted by bureaucratic politics and rivalries which they did not recognise or understand.
10. The interesting exception to this general principle is offered by some strands of the post 1990s populist anti-statism in the OECD (Mounk, 2014).
11. See also Holt and Manning (2014: p. 4). This is a widely agreed list of these management systems, but precise terms and classifications vary (Busan Partnership for Effective Development Co-operation, 2011; CABRI, 2014; OECD, 2008).
12. It is widely assumed that the problem of complex and often conflicting interests and objectives is more severe in the public than the private sector. While this seems intuitively plausible, oddly the evidence supporting this distinction is a little thin (Boyne, 2002).
13. A recent review of the impact of New Public Management (NPM) across the European Union refers to the current state of affairs as an “empirical desert” (Van de Walle and Hammerschmid, 2011: p. 17).
14. A term coined by Richard Batley, Emeritus Professor of Development Administration, University of Birmingham.
15. The difficulties of obtaining data about the internal working of the public sector have been noted in the social science research literature for many years (Jakobsen and Jensen, 2014).
16. A line of argument developed in relation to the US by Niskanen (1975), developed in Dunleavy (1991) and Williamson (2010) and usefully critiqued by Peters (2014: pp. 13-15).
17. “Big Development” is a very different thing to “Big Aid”. The former is a result, the latter is a (seemingly unsuccessful) push to scale up inputs (Devarajan, 2013; Munk, 2013).
18. “The fact that the ‘development community’ is five decades into supporting the building of state capability and that there has been so little progress in so many places (obvious spectacular successes like South Korea notwithstanding) suggests the generic ‘theory of change’ on which development initiatives for building state capability are based is deeply flawed.” (Andrews et al., 2012: p. 2).

19. There is a parallel and more defensive justification for donor work on PSM. Even if upstream PSM improvements cannot be achieved, there are arguably grounds for focusing on country systems etc. to guard against collateral damage arising from perverse incentives in donor projects which provide salary top-ups or other rewards which undermine public officials' interest in their broader duties (Lindner, 2013; Mukherjee and Manning, 2002).
20. Stevens and Tegemann (2004: p. 70) concludes that those basic disciplines include predictability of resource flows and timeliness and adequacy of civil servant pay, and that without these many public sector reforms are like a “building without foundations.”
21. See for example Tommasi (2009: p. 22) and Browne (2010).
22. Ang (2015) makes a similar point in relation to China.
23. Differentiated pay regimes have often been a source of asymmetry. These are sometimes seen as a temporary measure prior to a more comprehensive pay restructuring across government but can be undertaken with no such final symmetry in mind. Schemes in Tanzania (Stevens and Tegemann, 2004), Ghana, Zambia and Mozambique (Valentine, 2002), Afghanistan (Hakimi et al., 2004), Malawi (Mangham, 2007; Palmer, 2006) differentiate between agencies or groups of staff to enhance retention of scarce skills or to reward for restructuring. Hasnain and Manning (2014) conclude from an empirical analysis of the introduction of pay flexibility arrangements that cautious asymmetric introduction of performance-related pay can, with many caveats, be justified.
24. The problem of “domain narcissism” (a phrase coined by Professor Richard Marcy, Assistant Professor of Organizational Behavior at the University of Victoria School of Public Administration) in which one discipline seeks dominance over others, employing a narrowing of perception and rejection of incompatible information from other disciplines, and with an associated degree of emotionalism, is well-recognised. See for example Alexander and Lewis (2015).
25. See Andrews (2013) in particular.
26. Incrementalist and adaptive approaches are often attributed to the changing thinking in economics (Rodrik, 2008), but they have a history in public administration: the need for reform processes which allow iteration and adaptation has long been identified (Brinkerhoff and Crosby, 2002; Brinkerhoff and Ingle, 1989); Evans (2004) has warned against institutional “monocropping” when “deliberation” is more appropriate; and Ellerman (2005) set out a radical critique of donor agencies' tendencies to know best.
27. Cliffe and Manning (2008) and Evans et al. (2004) provide country-based arguments for this.
28. There is seemingly a strong “social norm for disbursing funds for a dying project” (World Bank, 2014: p. 185). “For sunk cost bias, the key is to change the interpretation of a cancelled programme or project. This involves recognising that ‘failure’ is sometimes unavoidable in development...” (World Bank, 2014: p. 190).
29. The World Bank refers to the need to ensure that indicators which measure the strength of public management systems are “action-worthy” (that behavioural change in these systems really is in some way associated with improved development outcomes) and “actionable” (pointing to a policy action or meaningful reform which would affect the indicator) (PRMPS, 2012). “Action-worthiness” is the toughest part of this as, to date, there has been relatively little testing to confirm that improvements in public management system indicators really are individually and collectively necessary for or contribute to development outcomes; they largely simply assume an association with downstream results (Global Integrity, 2010; PEFA, 2009; Reid, 2008). The debate initiated by Francis Fukuyama's recent article on “What is governance?” (Fukuyama, 2013) has reinvigorated the debate on how to measure state capacity.
30. See Stein and Valters (2012) and Vogel (2012) for some of the complex range of definitions.

31. The recent UK Independent Commission for Aid Impact critical review of DfID’s Private Sector Development Work provides a useful illustration of the problem of not having a theory of change. The report notes that the commission could “not observe a clear ‘theory of change’ at the portfolio level that expressed how the private sector needed to be re-configured to enable it most optimally to contribute to economic growth, stability and poverty reduction...”. That absence of a ‘theory of change’ meant that it was impossible to clarify “how DFID’s activities cohere as a consistent endeavor” (ICAI, 2014: pp. 13-4).
32. See footnote 11.
33. Osborne et al. (2013) very succinctly spell out how services differ from products. A product is more or less tangible, while a service is a largely intangible process. Products can be made in advance and kept on the shelf – a service is consumed as it is produced. A service requires action on the part of the recipient (coproduction) – while a product is passively consumed or not by the recipient. A recent large scale survey of European senior public sector managers rated “collaboration and co-operation amongst different public sector actors” second only to digital government as a key reform trend (Hammerschmid et al., 2013).

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