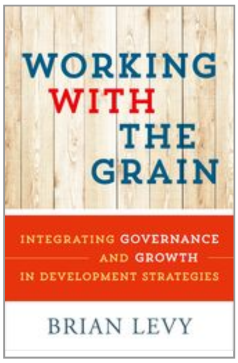

Working with the Grain: Integrating Governance and Growth in Development Strategies

Brian Levy

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Function Versus Form in Public-Sector Reform

Brain Levy

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Abstract and Keywords

Chapter 8 explores how to achieve a “good fit” between country characteristics and options for public-sector reform. It distinguishes among three types of public-sector reforms: comprehensive reforms to build a high-performing core of government, cascading downward throughout the public-sector hierarchy; incremental efforts to improve public management, focused on specific functions, sectors, public agencies, and locales; and multistakeholder initiatives that engage stakeholders in processes of formulating rules and policies and assuring their implementation. Comprehensive approaches can work in settings where formal institutions (or leadership) and a commitment to achieving development results are strong. In personalized-competitive settings, multistakeholder engagement takes on heightened relevance—as a complement to targeted initiatives to improve public-sector capacity incrementally and as the basis for building and sustaining islands of effectiveness even in the absence of a supportive public sector. Their success depends on developmentally oriented coalitions having sufficient strength to trump predatory threats.

Keywords: principal agent, hierarchy, collective action, multistakeholder governance, accountability, public sector reform, public management, bureaucratic quality

While I was part of the core team that wrote the 1997 World Development Report (WDR) on *The State in a Changing World*, I no longer am comfortable with its core message that an effective state is key for development. Gains in state effectiveness are, to be sure, a central part of the development process. I decidedly am *not* indulging in the vacuous “states-versus-markets” debate (and most certainly am not aiming to make the case for the “markets” side of the debate). The trouble with the message of the 1997 WDR was that it blurred the outcome of a cumulative process of development and the multiple paths for getting from here to there. One cannot begin at the end point.

But this hardly makes the institutions of governance irrelevant. Development is quintessentially about interdependence, and this interdependence is governed by institutions, introduced in chapter 2 and formally defined by Douglass North as "the humanly devised constraints that govern human interaction."[1] Development needs workable institutions to govern market transactions. It needs institutions to provide credible commitment that the rules of the game will remain stable, so that skillful investors will be able to realize the promised returns to their entrepreneurial efforts. It needs institutions to provide those public goods and services that have large social benefits but that are not adequately provided by the market.[2] And it needs institutions to assure that resources intended for social objectives indeed are used for the purposes intended.

In countries where formal state institutions work well, meeting these challenges is (relatively) straightforward: Public bureaucracies can be relied upon to deliver services, and the justice system and other checks and balances institutions can be relied upon to assure compliance with the rules of the game. As we have seen, though, these more benign institutional arrangements can be relied on only in a subset of countries. In many, indeed perhaps the majority of developing countries, the "rules of the game" are more personalized, with little prospect of this changing into the medium term.

(p.136) The next three chapters will explore microlevel initiatives that aim to support the emergence of institutions capable of fulfilling the public role outlined above, with a focus on how this challenge can be addressed in difficult governance settings. This chapter introduces conceptually a varieties of approaches to achieving public goals, and provides an overview of the potential and limits of each; the next two explore some applications of the less familiar approaches laid out here. Conventional approaches to building public-sector capacity comprise an important part of this chapter's discussion, but they are not the only part.

Dani Rodrik's distinction between form and function, also introduced in chapter 2, is especially relevant to analysis of the role of institutions in developing countries. Rodrik makes the distinction as follows:

> *First-order economic principles do not map into unique policy packages. Good institutions are those that deliver these first-order principles effectively. There is no unique correspondence between the functions that good institutions perform and the form that such institutions take. Reformers have substantial room for creatively packaging these principles*

into institutional designs that are sensitive to local constraints and take advantage of local opportunities.[3]

In some settings, efforts to strengthen public-sector capacity may straightforwardly fill the institutional gap. But in other settings, if progress is to be achieved, other institutional arrangements will be needed.

Public-Sector Maximalism

The scope of the stated ambition of the World Bank is extraordinary. Though from the outside, it still often is perceived to be staffed principally by economists and engineers pre-occupied only with economic growth, it has in fact become something very different: education, health, governance, the environment—all of these and more have become part of its professed global expertise. The immodest mission statement in the entrance to the building pronounces that "our dream is a world free of poverty." It also is an organization with an exceptional range of skills: "from one hundred countries, and ten (prestige) universities" is the way the organization's diverse staff sometimes is wryly described.

Given the Bank's combination of noble purpose and range of skills, it might be expected to be a hotbed of creativity, of continuing search for new ways of getting results. Indeed, one of its strengths is that it provides space **(p.137)** for innovators. But the dominant organizational culture generally has not welcomed innovation. Throughout the almost quarter century in which I was a staff member, there was ongoing tension between boundary-breakers and "keepers" of the dominant way of doing things. Part of this tension could be traced to the usual kinds of bureaucratic tension; inevitable in any organization, but perhaps more endemic in one filled with a highly educated and highly ambitious staff, and with a complicated, ambiguous, and difficult to measure "bottom line." But there also turned out to be an even more fundamental source of tension than fights over turf or personal ambition, namely the conflict between competing "first principles" as to what could provide a viable platform for moving forward with development.

I confronted one of these fights to the (professional) finish while I was leading the Bank's Africa public-sector reform group. As discussed in chapter 2, I was becoming increasingly aware of the very uneven results from efforts at public-sector reform. Meanwhile, some remarkable gains were beginning to be reported from "bottom-up," community-based approaches to development work. Surely, I reasoned, there were opportunities for synergy: Participatory approaches potentially offered the gains in accountability that were missing from many public management reforms. Conversely, public management reforms offered the potential for longer-run institutionalization, the Achilles' heel of the community-driven approaches. But what I had not reckoned with was the degree of mutual (professional) detestation among champions of each of these two approaches.

All too often, protagonists of working with communities derided government as the enemy to be avoided at all costs. And, in a mirror image of virulence, all too often public management types derided their community-oriented counterparts as short-sighted romantics. So, all too often, bringing these warring tribes into the same room felt like facilitating a dialogue of the deaf. (Actually, in classic bureaucratic fashion, the meetings themselves generally had a tone of formal, distant politeness; it was in the corridors, or behind closed doors, that the true virulence of mutual professional dislike was voiced.)

"You're both right!!" This message was one that I often repeated in an effort to find a way through these wars of principle, ideology, and turf between champions of top-down and bottom-up approaches to development work. But it often fell on deaf ears. Certainly, mealy mouthed, empty platitudes hardly are likely to cut through wars unto the death. I continue to believe, though, that it's the right message. Why? Because the right balance between top-down and bottom-up strategies depends (as always) on context.

Public-sector reform as a managerial challenge. What does it takes to improve the performance of a public bureaucracy? At first glance, the recipe seems fairly straightforward. In his classic, early twentieth-century work, the German **(p.138)** sociologist Max Weber outlined the core elements of a "rational" ("Weberian") bureaucracy. These included an explicit division of labor among different parts of the bureaucracy; a hierarchical structure; rule-governed decision making; meritocratic recruitment; and a predictable, long-term career ladder for staff within the bureaucracy.[4]

Weber's characterization seemingly suggests that the challenge of improving bureaucratic performance is principally a managerial one, namely to strengthen the skills of public employees, to reengineer public systems to make them more efficient, and to stamp out fraud, waste, and abuse. These are "capacity-building" tasks, which seemingly can be addressed straightforwardly within the parameters of the ongoing discourse between donors and developing country governments. Indeed, donors have supported very extensive programs of public-sector capacity building; some focus on strengthening "core of government" public financial and administrative management systems and others more on building sector-level capacity.[5]

The public-sector capacity-building approach was made somewhat more complicated by the fact that what in the early twentieth century had seemed to be the epitome of high-performing organization had become in the later twentieth century a term of opprobrium. "Bureaucratic" increasingly came to mean slow, inflexible, and unresponsive. But again, a solution seemed to be at hand. The last two decades of the twentieth century saw a worldwide mushrooming of new public management (NPM) reform efforts aimed at strengthening the results orientation of the public sector.

Worldwide, the intent of reforms was to shift the focus of control from inputs to outputs.[6] Policy makers were to define clearly *what* should be done, and to set performance targets as a basis for monitoring the performance of frontline providers. Against the backdrop of clarity with respect to goals and accountability for results, frontline providers were to be given the flexibility to decide *how* things are to be done. Reforms that aimed to shift toward a more results-oriented approach to public management generally incorporated four sets of interdependent changes:

• *Reorienting input controls*. Traditional bureaucracies have long been governed via tight controls over inputs. The NPM approach to input control aimed to reduce rigidities on frontline providers, but in a framework that ensured effectiveness and probity in how the resources are used.

• *Clarifying the performance framework within which frontline providers are to operate*. The providers could be either public or private firms working on contract. For public providers, this framework could take the form of agreed up-front targets of performance. For private providers, the framework could comprise the regulatory rules of the game that set the constraints within which profit-seeking activity might proceed.

(p.139) • *Strengthening the rewards for achieving agreed-upon results—and the penalties for falling short*. Measures here included performance contracts between organizational leaders and their controllers, and initiatives to link budgets or staff promotion to performance.

• *Strengthening systems for monitoring and evaluation* and thereby providing an empirical basis for assessing results (outputs—whether resources achieved their intended proximate objectives; and outcomes—whether the social purpose for which the resources were deployed was achieved), and thereby providing a basis (other than compliance with input controls) for assessing performance.

The pioneers in the design and implementation of the above agenda were the United Kingdom, New Zealand, and other higher-income countries. Preaching the gospel of NPM rapidly became a growth industry in developing countries as well. The agenda was hugely attractive to independent consultants, and also to donors and governments for whom there was much to gain from embracing the rhetoric of public-sector reform.

There are, however, two difficulties with this NPM-modified agenda of public-sector capacity building. The first difficulty is that even in high-income countries the track record of NPM reforms was (to put it gently) uneven. Here is the conclusion of a landmark review of public administrative reform in ten OECD countries, including such noted public management reformers as Australia, New Zealand, Sweden, the United States, and the United Kingdom[7]:

> *Reform-watching in public management can be a sobering pastime. The gaps between rhetoric and actions . . . are frequently so wide as to provoke skepticism. The pace of underlying, embedded achievement tends to be much slower than the helter-skelter cascade of new announcements and initiatives. Incremental analysis and partisan mutual adjustment seem to have been very frequent features of public management reform, even if more-than-incremental changes were frequently hoped for*.

The second difficulty is even more fundamental. The agenda presupposed that NPM reforms build on a pre-existing platform of a reasonably well-functioning Weberian public bureaucracy.[8] However, as the 2004 WDR, *Making Services Work for Poor People* underscored, in many developing countries the reality on the ground was very far from Weberian.

Public-sector reform as a challenge of accountability. The point of departure of the 2004 WDR was a growing disconnect between a rapid expansion in the provision of resources for service provision and corresponding expansion in access to services, but continuing shortfalls in service quality and results. Substantial evidence was emerging that money often was not used for its intended purposes[9]:

(p.140) • In Zambia, an expenditure tracking study conducted in the early 2000s found that only 24 percent of a fund for schools actually reached the schools themselves.[10] A landmark study a decade earlier showed a similar result in Uganda.

• In Bangladesh, unannounced visits to a sample of the country’s primary health centers found that 35 percent of staff were absent.

• Similarly, in India, only 45 percent of teachers were actually teaching at the time of unannounced school visits, and 25 percent of the teacher cadre was absent;

• Across a sample of six countries (the above two plus Ecuador, Indonesia, Peru, and Uganda), the average absenteeism rate was 19 percent for teachers, and 35 percent for health workers.

• Studies in Ghana and Nigeria in the early 1990s found that about 30 percent of public clinics lacked drugs.

The WDR showed that only (at best) a modest part of the performance gap could be attributed to shortfalls of financial resources. In so doing, it also blew the lid off the comfortable presumption that the problem was one of capacity. The report argued that though there are many proximate causes of failure in the provision of public services, the core failure was in relationships of accountability:

> *Too frequently those seeking improvement have focused only on internal organizational reforms—focusing on management of the frontline workers. If organizational failures are the result of deeper weaknesses in institutional arrangements (weak political commitment, unclear objectives, no enforceability), direct attacks on the proximate determinants (more money, better training, more internal information) will fail.*[11]

What is the accountability challenge? At its heart, the task is to assure credible commitment. When one party gets what he or she wants immediately upon making a promise, but is required to deliver his side of the bargain only subsequently, the incentive to renege can be irresistible. As Nobel Prize-winning economist Oliver Williamson and other new institutional economists have underscored in their work on the governance of private firms, locking-in commitment in a way that assures follow through, and thereby getting the deal made, is a ubiquitous challenge.[12] The all-too-human dilemma that promises can be easy to make, but difficult to keep, is the stuff of romance, of finance, of private investment, of the employment relationship (in both the public and private sectors), and of the arena of public action.

(p.141) To address accountability, the 2004 report borrowed from the literature on the governance of private firms and embraced a hierarchical ("principal–agent" in academic parlance) framework for improving service provision. Superficially, this seemed a natural move to make: The frontline units responsible for the provision of public services overwhelmingly were staffed by public employees,[13] and the shortfalls (absenteeism, skill gaps, fraud and the like) seemed to be those of a dysfunctional employer-employee relationship, public or private. As per the literature on the private sector, the challenges of managing employees seemingly had a straightforward solution: strengthen the mechanisms for monitoring and enforcement.

But this seemingly straightforward analogy between public and private organizations is profoundly misleading. Here is the public governance variant of the accountability challenge: Political leaders win power on the basis of their promises; public officials get paid to carry out public functions that deliver on these promises. But with power won and with an employee's salary paid, there is a potential disconnect between the particular public purpose being pursued, and the private ends of those who have been delegated the authority to pursue it. How is this disconnect addressed?

The chain of principal–agent accountabilities that needs to be in place if public bureaucracies are to work along the lines posited by reformers from Weber to the WDR is long:

• Political leaders need to take hold of the reins of executive authority, and translate their general vision for the country into a strategy for action.

• Within the framework provided by that strategic direction, public-sector bureaucracies need to design and assess the benefits and costs to society of specific policy options, and assign budgetary resources to the highest return priorities.

• Frontline service providers need to take responsibility for delivering on these priorities;

• Bureaucracies need to have internal management structures and control systems that align staff efforts with organizational goals and monitor internally how resources in fact are used (including whether frontline employees show up and put in an honest day's work).

• Underpinning all of this are elections and other mechanisms that hold political leaders accountable for following through on their promises, including checks and balances institutions capable of reining in powerful political and bureaucratic leaders in the event that they begin to abuse power for private purposes.

(p.142) The 2004 report famously described this impersonal, institutionally robust chain of authority and delegation as "the long route of accountability." As Figure 8.1 illustrates, it organized the chain into two broad sets of links: "voice," which links citizens to politicians, and thence to policymakers, and a "compact" that links policymakers and service providers.

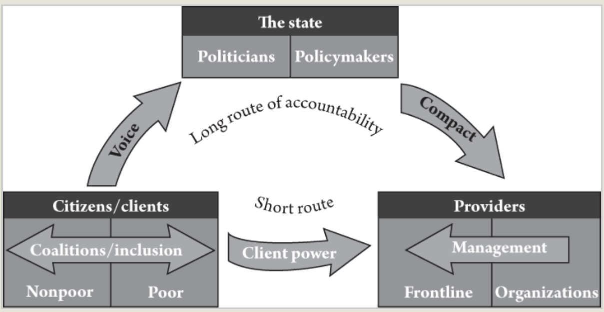

Figure 8.1 The WDR Accountability Triangle

As some of the most successful examples of the past six decades signal—the reconstruction of Europe in the aftermath of World War Two, and the "East Asia Miracle" countries (from Japan, to Korea, to contemporary China, with many others in between)—when bureaucracy works, and can be harnessed in service of development, extraordinarily rapid economic and social gains can be achieved. It is this vision of what is possible that underpins the ardent commitment of the champions of public management reforms.

But for all of these advantages, the long route of accountability is dauntingly complex; each of the many distinct links of the chain has to work for the system to be robust. The anchor for this cascading chain is politics, and only very distinctive political conditions provide a platform that is robust enough for the system as a whole to work. What of the other countries?

Incremental Options for Public-Sector Reform

An overarching principle of a "with-the-grain" approach to development policy is that successful reforms need to be aligned with a country's political and institutional realities. For any specific reform, an incentive compatible approach begins by asking, who might be the critical mass of actors who both have standing and have a stake in the proposed arrangements—and **(p.143)** so are in a position to support and protect them in the face of opposition? Without these actors, there will be no one to defend reforms in the face of the ever-present incentives to renege in search of private advantage. This principle has especially stark implications for the maximalist reforms to strengthen public administrative management described in the previous section.

The politics of public-sector reform. As noted above, the maximalist agenda of public management reforms generally includes better budgetary and financial controls, clearer, more differentiated functions across agencies, more merit-based ways of recruitment and promotion within the civil service, and better management across the range of public organizations. Such reforms generally are painstaking to implement, and take a long time to yield results. As we saw back in chapter 2, comprehensive public-sector reforms generally are successful only in a subset of countries, those where (as Merilee Grindle emphasizes in *Jobs for the Boys*) top-down reforms have the potential to gain traction.

As Grindle details, the search for "windows of opportunity" that can enable reformers to "move decisively towards the formal acceptance of their initiative" has long been something of a holy grail among development practitioners.[14] They have a long (and mostly unsuccessful) track record of putting a far-reaching reform agenda on the table, and then exhorting local leaders to show "political will." Occasionally, as the examples of Georgia and Rwanda in chapter 7 suggest, they may indeed stumble upon the right combination. So, given the potential, it always is wise to remain open to the possibility that a window of opportunity for far-reaching change indeed has opened up. However, along both the dominant and the competitive trajectories there are reasons for caution.

Along the dominant trajectory, the effectiveness of reform efforts depends on the extent to which political leaders are developmentally oriented (this, of course, varies widely from one leader to another) and the extent to which the leadership has an unequivocal hold on power. Where these are present, the opportunities for ambitious public management reforms gaining traction are good. But where these are weaker, efforts at comprehensive public management reform are unlikely to get much traction.

Along the competitive trajectory, leadership supportive of ambitious public management reforms can emerge where political competition is between programmatically oriented political parties, which differ in the details of their platforms, but have a shared incentive to have a capable public sector in place.[15] But this basis for political competition generally comes only when institutional arrangements are impersonal: quite prevalent among more later-stage countries but less likely among early-stage, personalized-competitive countries.

(p.144) For early-stage, personalized-competitive countries, comprehensive public management reforms and the logic of politics are seemingly diametrically opposed to one another. A principal purpose of comprehensive public management reforms is to limit the personalized discretion that lies at the heart of governance in early-stage, competitive settings. But as the examples in chapter 5 of Bangladesh and Zambia highlight, in many early-stage, competitive countries, politics is organized around personalized interactions (and distribution of rents) among elites, and between elites and nonelites. Reform affects rents and their distribution, so control over both the process and the content of the reform agenda is likely to be contested. Even if reform can somehow be promulgated (in order, for example, to satisfy conditionalities imposed by the World Bank or other donors), there are unlikely to be credible arrangements for monitoring, and for enforcing noncompliance at lower levels. As should by now be evident, personalized rules of the game cannot be superseded simply by wishing it so.

In sum, public-sector maximalism has been built on a brittle foundation of technocratic exhortation, the search for reform "champions", and the willingness to see as windows of opportunity a few carefully chosen turns of phrase by senior officials eager to seem to accommodate the aspirations of donors. On occasion it works, but in all too many settings these maximalist preoccupations have been a distraction from the pursuit of more incremental, but real results—and a corresponding focus on more modest, but achievable, reforms.

Public management "lite." Refocusing the reform agenda on more incremental approaches to public-sector reform yields a rich trove of potential options. Some of these can usefully be described as "public management lite." Others differ from the standard, top-down approach in more fundamental ways.

"Public management lite" reforms comprise piecemeal—incremental, but perhaps cumulative—variants of the more comprehensive agenda. They potentially have relevance along both the competitive and the dominant trajectories, especially for the many countries that inhabit “shades of gray” between the pure forms of the ideal types of the conceptual model.

Along the competitive trajectory, “public management lite” approaches are most likely to be useful in countries where “rule-of-law competitiveness” is not yet locked in, and elite contestation remains predominantly personalized, but where the momentum of development is continually strengthening the position of private-sector, middle-class, and civil-society stakeholders looking for better performance from government. The almost forty year, step-by-step process of transformation of the United States bureaucracy, described in chapter 6, illustrates how an incremental approach to public strengthening **(p.145)** might work. Grindle suggests that public sector strengthening in the United Kingdom followed a similarly incremental path, though one that was less dependent on participatory mobilization than the American example. And in Mexico, efforts to reduce discretion and strengthen rule-boundedness came only in the early 2000s, in the wake of democratization, when the country was already firmly in the middle-income range, and when all political parties judged that their longer-run interests might be best served by a less politicized civil service; even then, the Mexican reform agenda remained quite limited.[16]

Along the dominant trajectory, “public management lite” approaches are likely to be especially relevant in countries where leaders combine at least some commitment to achieving development results with the continuing use of discretionary conferral and withdrawal of favors as a principal tool of governance. As we saw in chapter 7, this combination of political dominance, rapid growth, and weak nonimproving institutions was ubiquitous over the period from 2000 to 2010. Grindle offers some added insight into how dominant patrimonial governance and growth might be compatible. She argues strongly that discretion and patronage need not be antithetical to results-oriented government. As she puts it:

> *Patronage systems are not synonymous with bad governance. . . . Ministers and other high level officials have the capacity to use their appointment power to attract highly qualified staffs to carry out specific policy initiatives. . . . Managers with discretion over hiring have significant opportunities to create islands of excellence. . . . Discretion in hiring can provide means for escaping the rigidity of personnel laws and regulations.*[17]

But she also notes:

> *Inherent in the flexibility that makes patronage systems available for a variety of goals is the problem of their instability and politicization. . . . with considerable potential for unwise use and the undermining of the public purposes of government. . . . The fatal weakness of patronage*

systems is that they are capricious, not that they are inevitably incompetent.[18]

How, as development unfolds, might countries move incrementally to reduce discretion and enhance formal rule-boundedness in public management? A variety of entry points potentially are compatible (or at least not starkly incompatible) with the incentives of political leaders in settings where patronage remains the principal mode of governance. Each focuses narrowly on a carefully delineated subset of the broader public-sector reform agenda.

(p.146) First, narrowly targeted efforts to strengthen merit-based recruitment and promotion, introduce market-related pay among a selected subset of officials, and strengthen civil service protections against arbitrary political action appear to have greater prospects for success than efforts that seek change for all public employees.[19] The key is to target the efforts to introduce meritocratic systems to positions where the developmental returns potentially are high and the political resistance relatively low. In Mexico, civil service reform efforts in the early 2000s explicitly bypassed both the very top tier of political appointees and politically protected less-skilled employees (with the latter comprising well over half of the public service); Mexico's 2003 reform law targeted only 43,000 of a total of over 330,000 public employees, and as of 2007 fewer than 9,000 public employees had been incorporated into the new professional career system.[20] In Albania, a determined effort focused on the top 1,000 or so employees was able to provide protections against arbitrary political interference for close to a decade; in Sierra Leone, reforms targeted a narrow swathe of a few hundred technical professionals, staying away from both the very top jobs (where political connections and control dominated decision making), and the many low paid patronage jobs at the bottom of the system.

Second, efforts to improve public financial management systems seem to get quite good traction: A comprehensive assessment identified improvements in fifty-four of eighty-seven countries where the World Bank provided support for these reforms, and major improvements in twenty-four of these[21] (by contrast, the same study identified improvement in only thirty of seventy-one countries where the World Bank had provided support for public administrative reform—and major improvements in only seven of these).

Drilling down further, initiatives aimed at ensuring that finances are delivered predictably to frontline units appear to get better traction than ambitious efforts to set multiyear expenditure priorities, or to put in place robust "value for money" control systems.[22] One plausible explanation for these patterns is that public financial management reforms that enhance the ability to get finance to where it has been targeted are less politically threatening than those that limit discretion in either hiring or procurement. To make the point differently, strengthened financial management controls need not be inconsistent with either patronage employment practices or corruption in procurement; what they do is provide a management tool for targeting resources to priority activities, and assuring that they indeed get there. What happens next is up to the local managers, and their political masters.

A third possible entry point is to focus public management reform efforts on specific sectors, agencies and locales. By contrast to reforms of core systems, this downstream focus can more straightforwardly be linked to the **(p.147)** achievement of concrete development results, making the reforms both more readily monitorable, and more readily linked to specific constituencies.

This last entry point brings us to a fundamental divide in the agenda of public-sector reform: the distinction between supply-side and demand-side approaches. The 2004 WDR brought this distinction to center stage in its contrast of the "long route" of accountability and an alternative "short route." The "short route" comprises the interactions between providers and their clients: between teachers and students or parents, between municipal garbage workers and slum-dwellers, and so on. As per the other name used for the "short route" in the WDR, "client power," it offered the potential to introduce countervailing power in settings where frontline officials had high levels of discretion (note that sometimes this discretion could flow from the characteristics of a specific task, how teachers teach, for example; at other times it could be a consequence of broader shortfalls in political oversight).

Introduction of the demand side of client power was an important corrective to the narrowly technocratic preoccupation of many public-sector reformers. But the WDR's approach had two limitations. One limitation is that it presupposed that the recipients of services indeed have leverage over frontline behavior, a power relationship that sometimes may be true, but oftentimes is not.

The second limitation was that a preoccupation with the "demand side," as defined in the WDR, offered a very constricted view of the range of alternatives to top-down technocratic reforms: By focusing primarily on two polar patterns, a hierarchical long-route, and a frontline short route, the WDR deflected attention from the vast spaces in the middle: the many layers within a specific sector in-between the top-levels of policymaking and the service provision frontline and the many countries where governance falls well short of "good" but is better than disastrous. As we shall see, viewed through the lens of multistakeholder governance these in-between spaces are where many opportunities for achieving gains in performance are to be found.[23]

The Logic—and Politics—of Multistakeholder Governance

Nurturing commitments among equals offers an alternative option to the hierarchical, principal–agent approach to accountability laid out in the 2004 WDR. Elinor Ostrom, in her 2009 Nobel Prize acceptance speech, observed that collective action was "the path not followed," and devoted her professional life to exploring where it might lead. As she put it:

> **(p.148)** *The market was seen as the optimal institution for the production and exchange of private goods. For nonprivate goods, without a hierarchical government to induce compliance, self-seeking citizens and officials would fail to generate efficient levels of public goods. . . . The most important lesson for public policy analysis derived from the intellectual journey I have outlined . . . is that humans have a more complex motivational structure and more capability to solve social dilemmas than posited in earlier rational-choice theory. . . . We need to ask how diverse institutions help or hinder innovativeness, learning, adapting, trustworthiness, and levels of cooperation.*[24]

Far more than is commonly recognized, collective action has huge potential as an approach to addressing challenges of public-sector performance. This is for three reasons:

- First, collective action potentially can be unbundled. It can comprise an institutional platform for "islands of effectiveness" to thrive, even where the broader governance environment is difficult. It has the potential to go (institutionally) where the long route cannot.
- Second, though collective action generally has been associated with situations where the principals are nongovernmental, this need not be the case. In principle, the relevant principals can comprise both governmental and nongovernmental actors—although including governmental actors as a co-equal among the principals presumes that, in the context of the specific collaborative endeavor being considered, they have similar standing as co-principals as do nongovernmental actors. (It is to signal this broader framing that the terms "multistakeholder governance" and "collective action" are used interchangeably here.)
- Third, as the next sub-section details, the range of activities in which a collective action approach potentially is relevant is ubiquitous.

The ubiquity of collective action.[25] Though Elinor Ostrom focused her work principally on the role of collective action in the governance of "common pool" resources, including irrigation systems, inshore fisheries, communally owned land, groundwater resources, and forests[26], the range of applications is far, far wider. It can be a way of addressing shortfalls in the provision of public service via, for example:

- Participation in the governance of schools, health clinics, and other frontline service provision facilities by multistakeholder groups that include service recipients and others with a stake in the efficiency and effectiveness of service provision;

(p.149) • Community engagement in processes for prioritizing, constructing, and maintaining small-scale local infrastructure;

• Multistakeholder oversight of public-sector procurement: for example, through joint commitments by private bidders and public agencies to govern specific large-scale, procurement-intensive public projects through “integrity pacts.”

• Public–private partnerships and/or other collaborative, multistakeholder arrangements to govern the operation of formally state-owned entities, and of other arms-length public agencies.

Chapter 9 explores the first two of these in depth.

Collective action involving private firms potentially has an important direct role to play in economic growth, as chapter 10 explores in depth. Examples to be considered there include cluster initiatives among private (manufacturing and other) firms within a given sector or value chain to facilitate mutually linked investments, or to jointly invest in learning or market facilitation; and outgrowing arrangements in which processers and small-holder farmers collaborate around common rules governing the provision of inputs and the sale of crops; these can combine vertical (i.e., between farmers and processers) and horizontal (i.e., between groups of farmers and groups of processers) institutional arrangements.

More broadly, collective action arguably lies at the heart of government policymaking. It can usefully characterize the process through which coalition governments (or, for that matter, powerful factions in cabinet government) reach agreement as to which development initiatives to prioritize. And it may also be a useful depiction of how governments at an early stage along the competitive trajectory reach agreements at the macrolevel to achieve political stability—and, at more microlevels, as to which are the domains in which they will refrain from destructive conflict, and thereby allow development initiatives to proceed.

Of more immediate relevance for the present chapter, a focus on the strategic interplay among stakeholders—that is, on the logic of collective action—potentially offers a rich new set of insights into how public bureaucracies function in personalized-competitive settings, and how their performance might be improved. As noted earlier, personalized-competitive settings are likely to be characterized by much more competition and ambiguity than is implied by either the “long-route” or the “short route” depictions in the 2004 WDR. Rule-setting processes are likely to be contested, and trade-offs between objectives less likely to be clarified. Agreements that are reached are likely to be subject to weaknesses in both monitoring, and in sanctions for noncompliance.

(p.150) These ambiguities and weaknesses undercut the potential for principal–agent governance to work. But they also create new spaces where there is expanded scope for external stakeholders to engage and for managers to exercise discretion. The outcomes could serve narrow interests—but, as the example in chapter 6 of the American Progressive Era illustrates, they need not. It all depends on the quality of multistakeholder engagement: Who are the stakeholders and the managers, what are their incentives, and how do they interact with one another and with the broader supply-side public-sector processes?

Two sets of challenges in particular shape the quality of these multistakeholder engagements. There is the ubiquitous challenge of facilitating cooperation among participants to achieve joint benefits, in a way that limits the classic free rider and other moral hazard problems. This is the classic challenge on which most work on collective action (including Ostrom's) has focused. But there is also a second challenge. When cooperation works, it creates a valuable asset (a quasi-rent, in formal economic parlance). Especially in the absence of formal institutions of restraint, this asset potentially can attract the attention of powerful actors seeking to capture the returns from multistakeholder governance for themselves, even though over the longer term this predation would kill the goose that laid the golden egg. To be successful, collective action must fend off predation. Let us consider each challenge in turn.

The theory of collective action. In the long-route, the key institutional task is to align the behavior of agents with the goals of their principals. But collective action does not fit into a principal–agent world. Rather, it is the process whereby:

> *a group of principals can organize and govern themselves to adopt coordinated strategies to obtain (and maintain) higher joint benefits when all face temptations to free-ride, shirk, or otherwise act opportunistically.*[27]

What does it take for a group of principals to co-operate successfully? Over an almost forty year career, Ostrom analyzed the governance of hundreds of common pool resources in dozens of countries. She also was among the pioneers of structured laboratory-style experiments to assess the incentives for co-operation, part of the burgeoning field of behavioral economics.[28] Based on this work, she went beyond the standard depiction (introduced in chapter 2) of institutions as a set of rules, monitoring and enforcement arrangements, and laid out a disaggregated framework of "working rules" that, she argued, could be used to describe any and all institutional arrangements. With these rules as backdrop, she identified a set of eight "good practice" principles for the successful governance of collective action. Table 8.1 summarizes the principles, grouping them into four broad categories, and linking them (loosely) to their associated working rules.

Table 8.1 Institutional Analysis: Working Rules, and their "Good Practice" Design Principles

The Working Rules	Principles for "Good Practice" Design
I: Rules governing eligibility	
Boundary rules—define who is eligible to enter a position	*Clearly defined participant boundaries*: Clear and locally understood boundaries between legitimate participants and nonparticipants are present.
Position rules—create positions for participants to enter	
II: Operating rules	
Payoff rules—assign rewards or sanctions	*Proportional equivalence between benefits and costs*. Rules specifying the amounts that a participant benefits are proportional to the distribution of labor, materials, and other costs.
Aggregation rules—determine how collective decisions are to be arrived at	*Collective-choice arrangements*: Most individuals affected by the collaborative initiative are authorized to participate in making and modifying its rules.
Choice rules—specify what a participant occupying a position must/must not/may do at a particular point in a decision process	*Conflict-resolution mechanisms*: Rapid, low-cost, local arenas exist for resolving conflicts among participants, or with officials.
	Graduated sanctions: Sanctions for rule violations start very low but become stronger if a user repeatedly violates a rule.
III: Rules governing monitoring	
Information rules—assign the obligation/permission or prohibition to communicate to participants in positions . . . and the language/form in which the communication will take place	*Monitoring*: Monitors who actively audit participant behavior are at least partially accountable to the participants and/or are the participants themselves.
IV: Rules governing delegation of decision authority	

The Working Rules	Principles for "Good Practice" Design
• Operational rules • Collective choice rules • Constitutional rules	*Minimal recognition of rights*: The rights of participants to set rules (or participate in rulemaking) are recognized by the government. *Nested initiatives*: Governance activities are organized in multiple nested layers, with a clearly defined, autonomous domain of decision making for local-level collective action

Source: Adapted from Ostrom (2005).

(p.151) **(p.152)** Taken together, the rules and principles in Table 8.1 address the core challenges of facilitating co-operation. For collective action to be effective:

- Goals need to be jointly agreed, so it needs to be clear who are the principals with "standing," hence the rules governing eligibility;
- Once goals are agreed upon, institutional arrangements are needed to assure that everyone lives up to their commitments to cooperate, that some of the (co-equal) principals do not free-ride on the efforts of others, hence the operating rules;
- Insofar as this cooperation is voluntary, the operating rules need to be perceived by participants as fair, thereby helping to nurture trust and build social capital, hence the emphasis in the good practice principles on inclusion, proportionality and incrementalism;
- In the spirit of "trust, but verify," there need to be mechanisms to assure that all participants live up to their obligations—hence the rules governing monitoring.

Ostrom concluded that "robust systems for governing common pool resources had met most of the good practice principles, and that those systems that had collapsed or were performing ineffectively were not so structured."[29] We put these principles to work in chapters 9 and 10.

Bringing in politics. The good practice principles focus principally on the challenge of facilitating cooperation among participants to achieve joint benefits, in a way that limits the classic free rider and other moral hazard challenges. But what of the second challenge: fending off predators seeking to capture for themselves the returns from multistakeholder governance?

As we have seen, in a large fraction of low-income democracies politics is likely to be hotly contested, competitive electorally, and personalized. In these settings, development gains do not come easily; they are the result of struggles, at all levels, involving political leaders, public officials, private-sector players, and civic activists. Using the analytic lens provided by collective action, these struggles can usefully be conceived as conflicts among principals: some developmentally oriented, others more predatory.

Predation, as used here, refers specifically to actions that use channels of political support external to the specific arena of cooperation to override with impunity the formal and informal rules of the game associated with the collective effort.[30] The threat from predators can manifest at either or both of two levels:

- At the level of the multistakeholder initiative itself, predators might choose to ignore with impunity mechanisms agreed among participants for monitoring and enforcement, as not applying to them. Additionally,

(p.153) • Predators might leverage their influence networks to put themselves out of reach of any formal legal frameworks to which participants might otherwise have had recourse for resolving disputes and sanctioning illegal acts.

Ostrom implicitly addresses predation in the group of good practice principles in Table 8.1 which govern the delegation of decision authority. These principles address the importance for collective action of a clearly defined autonomous zone of decision making. As she put it, "what can be done at one level will depend on the capabilities and limits of the rules at that level and at a deeper level."[31] The dilemma, though, is that in personalized-competitive settings, these higher-level arrangements are ad hoc, personalized, and discretionary. Except as an unhelpful counsel of despair, the assertion of the need for an autonomous zone does not address the complexities that follow from these political realities.

How might autonomous zones of decision making—islands of effectiveness—come about in difficult governance environments?[32] A useful point of departure is to recognize that all collective action initiatives are populated with multiple interested stakeholders. Some are directly associated with the collective endeavor; others are on the periphery. Some are protagonists of the development purpose, others are predators who seek to capture for their own private purposes what the protagonists are seeking to build.

Predators and protagonists each have their own channels of influence. "Threat" resources comprise the influence networks on which predators might draw to override with impunity rules intended to facilitate achievement of the development purposes. "Trumping" resources comprise the countervailing influence networks on which protagonists might draw to facilitate compliance with rules. These influence networks—the structure of the alliances that bind them together, and their relative weight—are, in turn, shaped by the broader political and institutional dynamics within which the collective endeavor is embedded.

Under what conditions might trumping influence networks prevail over the threat from predators? Three broad conditions seem to be key for multistakeholder engagement to be effective, namely that[33]:

- There are stakeholders with strong incentives to have the collective effort succeed. The stakeholders could be direct participants in the collective effort, or they could be “outsiders.” Their incentives could be based on their own self-interest, insofar as they directly benefit from the fruit of the collective effort. They could also derive from the self-defined mission of an active civil society organization; *and*

- **(p.154)** These stakeholders are well-connected politically, with influential ruling factions; and/or the external stakeholders are able to draw on widely held social norms of justice and fairness; *and*

- Leaders are skillful in mobilizing and coordinating the stakeholders in support of the collective purpose; these leaders could come from within the collective endeavor, or could be external stakeholders who are skillful in mobilizing to bring to bear pressure for good performance.

Where all three conditions are met, protagonists of a development initiative potentially can triumph over predators; but in the absence of any of the three, efforts at collective action are hypothesized to fail.

Especially in personalized-competitive settings, these threat-trumping dynamics potentially are ubiquitous. They potentially can play out at the service provision frontline—the “short route” of accountability in the approach laid out in the 2004 WDR. Additionally, as noted earlier, they also potentially can play out in the vast spaces in the middle; the many layers between top-levels of policymaking and the service provision frontline where rule-setting processes are likely to be contested, trade-offs between competing goals likely to be left unresolved, and agreements reached likely to be subject to weaknesses in both monitoring and sanctions.

Figure 8.2 expands the 2004 “accountability triangle” in Figure 8.1 in four ways to illustrate how this might work:

- First (in “A”), it highlights that the institutional arrangements which prevail for public service provision can vary from one country setting to another, depending on the prevailing “political settlement”;

- Second (in B1–B3), it unbundles the accountability triangle's "compact" in a way which highlights the hierarchical arrangements within public bureaucracies—and thus the possibility that contestation over goals and performance can play out at multiple levels (not only at the senior-most interface between politicians and policymakers);

- Third (in C1–C4), it signals that external stakeholders potentially can work to influence policy at multiple levels—as voters (in "C1"); by engaging directly with senior or mid-level government officials to try and influence decisions (in C2 and C3); or as clients (in C4), using public services and seeking better performance.

- Fourth (in D1–D3), it underscores the possibility that public officials themselves might have some discretion which they potentially could use to further either their private interests, or in pursuit of public ends—and, indeed, might manage interactions among diverse stakeholders in ways that enhance that discretion.

(p.155) Whether each of the "middle spaces" toward which Figure 8.2 points result in capture or achievement of a specific development intent is not fore-ordained. Chapters 9 and 10 draw on a variety of disparate examples to explore the ways in which the outcome might depend on how the three conditions play out in practice, on the quality of leadership, and the balance between threat and trumping influence networks.

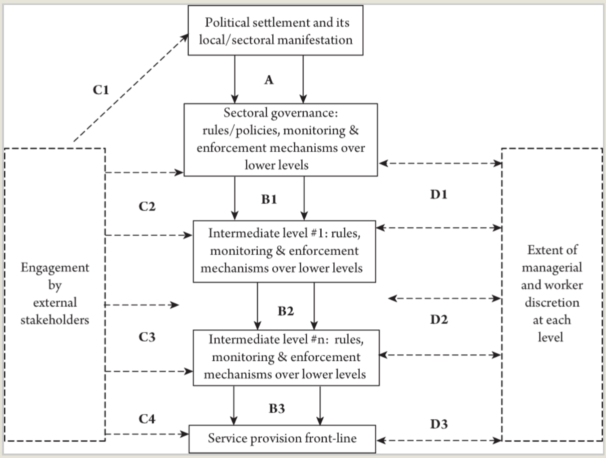

Figure 8.2 Multiple Levels of Contestation.

Source: Levy and Walton (2013).

Expanding the Toolkit of Public-Sector Reform

There is a story one often hears about global development policy experts. It is apocryphal, but it contains an uncomfortable element of truth. It explains how they manage to fly from country to country, and always have ready, as they land at the country's international airport, a draft of the report that they are expected to spend the next two weeks writing. The secret, it is said, lies in their facility with the "find-and-replace" tool on computer word processing programs. Nothing much changes in their advice other than the name of the country.

In my experience, most development practitioners are much more committed, both personally and professionally, to their mission than this **(p.156)** story implies. But the story is an example of where "best practice" approaches to policymaking, taken to the limit, might lead—and many technically specialized development practitioners are indeed purveyors of best practice thinking. This tendency to focus on, and endlessly refine, the "best practices" package has been exacerbated by the incentives and corporate cultures of the World Bank and other development agencies and experts: each has a large stake in building a mystique around the special value added of globally useful technical expertise.

By contrast, a central goal of this book is to provide a conceptual platform for a "good fit" approach to development policymaking that stakes out the middle ground between "one-size-fits-all" best practices on the one hand, and "every country is unique" on the other. The country typology laid out in Parts I and II of the book addresses part of that challenge. It highlighted some key characteristics that are shared in common among some sub-groups of countries but not others—and used the contrasts to facilitate more effective comparison of "like with like," and thereby be more targeted and effective in identifying feasible options for moving forward.

But if the advice itself remains the same, regardless of circumstances, distinguishing systematically among different groups of countries does not contribute much to a "good fit" approach to development policymaking. Thus a principal goal of this chapter has been to broaden the menu of options for public-sector reform. The intent is not to prescribe some mechanical formula, but rather an initial orienting framework to clarify which among an array of alternative options is potentially most relevant in a specific country settings, as a platform for further learning (what Matt Andrews calls problem-driven iterative adaptation, on which more in Part IV[34]).

Table 8.2 brings together public-sector reform options and country characteristics. As per the table, one set of options is to focus on comprehensive reforms that seek to build a high-performing core of government along Weberian (or NPM) principles, and cascade reform downward throughout the operating units of the public hierarchy. Other approaches proceed more incrementally, via

- Targeted efforts to improve public management, focused on specific functions, sectors, public agencies and locales where there exist credible champions and an appetite for reform;
- Multistakeholder initiatives that bring to center stage the participatory engagement of nongovernmental as well as governmental stakeholders in the (microlevel) processes of formulating the relevant rules and policies, and assuring their implementation.

Table 8.2 A "Good Fit" Approach to Public-Sector Reform

<table>
<tr><th rowspan="2">Country Types</th><th colspan="3">Approach to Public-Sector Reform</th></tr>
<tr><th>Comprehensive public management reform</th><th>Incremental public management improvements</th><th>Multistakeholder governance</th></tr>
<tr><td>Sustainable democracy</td><td>Good performance if consensus on agenda across political parties</td><td>Good performance if political mandate for targeted reform</td><td>Could add value if it helps resolve principal–agent problems</td></tr>
<tr><td>Personalized competitive</td><td>Poor performance
• multiple principals with lack of clarity on goals
• high risk of capture by managers/staff</td><td>Some potential, if combined with multistakeholder engagement</td><td>Good potential if developmental influence networks stronger than predators</td></tr>
<tr><td>Dominant, developmental</td><td>Good performance if sustained leadership commitment to agenda</td><td rowspan="2">Good performance if political mandate for targeted reform</td><td rowspan="2">Could add value if it helps resolve principal–agent problems</td></tr>
<tr><td>Dominant patrimonial</td><td>Poor performance insofar as it reduces opportunities for public employment patronage</td></tr>
<tr><td>Dominant, predatory</td><td colspan="2">Capture by predatory principal</td><td>Unlikely to be effective as countervailing power to predator</td></tr>
</table>

Source: Adapted from Levy and Walton (2013).

(p.157) The “public management lite” and multistakeholder approaches share one key feature that so far in the discussion has only been implicit: each depends for its efficacy on public (or civic) entrepreneurship. The presence of leadership capable of skillfully mobilizing and coordinating stakeholders was identified above as a necessary condition for multistakeholder engagement to be effective. And the example in chapter 6 of the Progressive Era in the **(p.158)**

United States highlighted the central role of public entrepreneurs with the commitment, skill, and staying power to build both the internal capabilities and external alliances needed for islands of effectiveness to take root within a broadly dysfunctional public sector. In the final chapter of the book, I will have more to say about the entrepreneurial dimensions of governance reform.

As Table 8.2 signals, comprehensive approaches can work in settings where formal institutions (or leadership) and a commitment to achieving development results are strong. In these settings, multistakeholder engagement can be a useful tool to help principals monitor their agents more effectively (the Ethiopian authorities' embrace of bottom-up monitoring mechanisms, described in chapter 4, is a good example).

In more patronage-oriented settings, there is little prospect of comprehensive reforms gaining traction, both because the reforms reduce opportunities for discretion in hiring decisions, and (in the more competitive settings) because of a lack of consistent leadership with a longer-term orientation. In these settings, multistakeholder engagement takes on heightened relevance, as a complement to targeted initiatives to improve public-sector capacity incrementally and, in more politically fragmented settings, as the basis for building and sustaining islands of effectiveness even in the absence of a supportive public sector.

The contours of the "supply-side" agenda of public-sector reform and capacity building (in both their comprehensive and incremental variants) are well-known, and will not be elaborated further in this book.[35] Debate continues, but largely on the margin. However, there is less consensus as to the opportunities and limits of multistakeholder approaches. So it is to these that we turn in the next two chapters.

Notes:

(1) . For this formal definition of institutions, see Douglass North, *Institutions, Institutional Change and Economic Performance* (New York: Cambridge University Press, 1990), p. 3.

(2) . Note that two rationales for the provision of public goods are captured in the general framing of the text: "public goods" narrowly defined, that is, those where not all benefits and costs are privately-appropriable, so social returns exceed private returns; and also goods (e.g., education) where inability to pay would result in shortfalls in the absence of public financing and/or provision.

(3) . Dani Rodrik, *One Economics, Many Recipes* (Princeton, NJ: Princeton University Press, 2007), pp. 15–16.

(4) . The classic statement is Max Weber, *Economy and Society* (Berlin: 1922). For an important effort to apply Weber's framework in a developing country context, see Peter Evans and James Rauch, "Bureaucracy and Growth: A Cross-

National Analysis of the Effects of 'Weberian' State Structures on Economic Growth," *American Sociological Review*, Vol. 64, No. 5 (October 1999): 748–765.

(5) . For a review of these programs and their (mixed) effectiveness, see World Bank, *Public Sector Reform: What Works and Why?* (Washington, DC: World Bank Group, 2008). For a conceptually anchored critique, see Matt Andrews, *The Limits of Institutional Reform in Development* (New York: Cambridge University Press, 2013).

(6) . For an extended review of different approaches to public sector reform in developing countries, see Brian Levy, *Governance Reform: Bridging Monitoring and Action* (Washington, DC: World Bank, 2007).

(7) . C. Pollitt and G. Bouckaert, *Public Management Reform: A Comparative Analysis* (Oxford: Oxford University Press, 2000), pp. 184, 188–189. For a classic discussion of both the opportunities and challenges of reform in the United States context, see James Q. Wilson, *Bureaucracy: What Government Agencies Do and Why They Do it* (New York: Basic Books, 1989).

(8) . Alan Schick "Why Most Developing Countries Should Not Try New Zealand Reforms," *World Bank Research Observer*, Vol. 13 (1999): 123–131, highlights the preexisting platform as a necessary condition for new public management reforms.

(9) . Absenteeism data are from Nazmul Chaudhry et. al, Missing in Action: Teachers and Health Worker Absence in Developing Countries", Journal of Economic Perspectives, 2006, p.92. Expenditure tracking data are summarized in Barbara Bruns, Deon Filmer and Harry Patrinos, Making Schools Work (Washington, DC: The World Bank, 2011), p. 9. supply shortfalls data are from WDR 2004, p. 24.

(10) . When a subsequent reform pre-determined the rules by which allocations were to be made to schools, the share which reached schools rose to 90 percent (Das, 2005).

(11) . WDR 2004, p. 58.

(12) . For a useful synthesis of the new institutional economics, see Oliver Williamson, "The New Institutional Economics: Taking Stock, Looking Ahead," *Journal of Economic Literature* (September 2000): 595–613.

(13) . Although it must be noted that the 2004 report also gave extensive attention to the roles of private service providers and of competition.

(14) . Grindle, *Jobs for the Boys*, p. 255.

(15) . For a statement of this argument, see Barbara Geddes, *Politician's Dilemma: Building State Capacity in Latin America* (Berkeley: University of California Press, 1994).

(16) . Grindle, *Jobs for the Boys*, pp. 191–195. Barbara Geddes, *Politician's Dilemma: Building State Capacity in Latin America* (Berkeley: University of California Press, 1994) explored more broadly this relationship between democratization and civil service reform.

(17) . Grindle, *Jobs for the Boys*, p. 261.

(18) . Grindle, pp. 261, 32.

(19) . Vivek Srivastava and Marco Larizza, "Working with the Grain for Reforming the Public Service: A Live Example from Sierra Leone," *International Review of Administrative Sciences*, 2013; and Gary Reid, "The Political Economy of Civil Service Reform in Albania," World Bank, mimeo 2005.

(20) . Grindle, p. 224.

(21) . World Bank, *Public Sector Reform: What Works and Why?* (Washington, DC: World Bank Group, 2008).

(22) . World Bank, 2008, plus International Monetary Fund, Fiscal Affairs Department, "IMF Technical Assistance Evaluation: Public Expenditure Management Reform in Anglophone African Countries," Washington, DC 2005.

(23) . For a detailed development of this point, see Brian Levy and Michael Walton, "Institutions, Incentives and Service Provision: Bringing Politics Back In," Working Paper 18, Effective States and Inclusive Development Research Program, University of Manchester, February 2013.

(24) . Elinor Ostrom, "Beyond Markets and States: Polycentric Governance of Complex Economic Systems," Nobel Prize Lecture, December 8, 2009.

(25) . Some scholars recently have begun to suggest that collective action should displace principal–agent approaches as the central way of organizing our thinking about the institutional underpinnings of development. For an extended discussion along these lines, see David Booth, *Development as a Collective Action Problem: Addressing the Real Challenges of African Governance* (London: Overseas Development Institute, 2012). Booth's book is a synthesis of five years of detailed empirical work conducted by the Africa Power and Politics Programme, housed in the Overseas Development Institute.

(26) . For syntheses of that work, see Elinor Ostrom, *Governing the Commons* (New York: Cambridge University Press, 1990).

(27) . Ostrom, *Governing the Commons*, p. 29.

(28) . For a detailed discussion of these empirical and experimental underpinnings of her work, see Ostrom, *Understanding Institutional Diversity* (2005).

(29) . Ostrom, *Understanding Institutional Diversity*, p. 259.

(30) . Predation goes beyond "free riding" in which a presumptive participant in a collective effort chooses to shirk on his obligations, but nonetheless enjoys a share of the benefits—while mutual monitoring often is a key way in which protagonists of collective action mitigate this risk, monitoring cannot deter impunity. And it also goes beyond corruption, in which a participant in a collective action effort pays (or accepts) a bribe to illegally over-ride an agreed-upon formal or informal rule, but (contra to predation) is vulnerable to detection and, if detected, is subject to sanction.

(31) . Ostrom, *Understanding Institutional Diversity*, p. 58.

(32) . For other explorations of an "islands of effectiveness" approach to development engagement, see David K. Leonard, "Where Are Pockets of Effective Agencies Likely in Weak Governance States, and Why? A Propositional Inventory," IDS Working Paper 306, June 2008; R.C. Crook, "Rethinking Civil Service Reform in Africa: 'Islands of Effectiveness' and Organizational Commitment," *Commonwealth and Comparative Politics*, Vol. 48, No. 4 (2010): 479–504. Also Brian Levy, "Can Islands of Effectiveness Thrive in Difficult Governance Settings? The Political Economy of Local-Level Collaborative Governance," World Bank Policy Research Working Paper 5842, October 2011.

(33) . For development and elaboration of this argument, see Brian Levy and Michael Walton, "Institutions, Incentives and Service Provision: Bringing Politics Back In," ESID Working Paper 18, Effective States and Inclusive Development Research Centre, University of Manchester, February 2013.

(34) . Matt Andrews, *The Limits of Institutional Reform* (New York: Cambridge University Press, 2013).

(35) . For some useful analyses, see Pollitt and Bouckaert, *Public Management Reform: A Comparative Analysis;* Francis Fukuyama, *Statebuilding* (Ithaca, NY: Cornell University Press, 2004); Matthew Andrews, *The Limits of Institutional Reform in Development* (New York: Cambridge University Press, 2013).