Building State Capability: Evidence, Analysis, Action

Lant Pritchett
Harvard Kennedy School and Center for Global Development

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Outline

• State Capability for Policy Implementation
• The Big Stuck
• Techniques for Successful Failure or How to not build capability
• PDIA (Problem Driven Iterative Adaptation)—building capability by delivering results
Percent of 10 misaddressed letters coming back to USA within 90 days (all countries agree to return within 30 days)

- **Lowest 25 countries**: 0%
- **Bottom half of countries by income**: 9.2%
- **Lowest quartile**: 21.2%
- **Third quartile by income**: 30%
- **Second quartile by income**: 43%
- **Top quartile by income**: 60%
- **Colombia**: 90%
- **Uruguay**: 90%
- **Finland**: 90%
- **Czech Republic**: 100%

Includes not just Somalia and Myanmar but Tanzania, Ghana, Nigeria, Egypt, Russia, Mongolia, Cambodia, Honduras, Fiji, etc.

Source: Chong et al 2014
Service delivery outcomes from the same service vary across the whole range of possibilities: In Rwanda 97 percent of women completing grade 6 can read, in Nigeria only 12 percent.

Percent of women aged 25-34 who can read all of a single sentence in their chosen language, latest DHS data.
Social Progress and Government Effectiveness (regression controlling for GDPPC and POLITY)

SPI (residual from GDPPC and POLITY)

WGI Gov't Effectiveness (residual from GDPPC and POLITY)

beta is: 0.390
Rsqd is: 0.338
WGI GE and Personal Freedom and Choice (regression controlling for GDPPC and POLITY)

SPI (residual from GDPPC and POLITY)

WGI Gov’t Effectiveness (residual from GDPPC and POLITY)

beta is: 0.701
Rsqd is: 0.384
What is the “capability for policy implementation”?

Abstract definition of policy implementation

Elements of organizational capability

- Resources
- Capacity of individuals
- Extent to which individuals exercise their capacity to act in response to states of the world to further the (better) goals of the organization
- Acting on correct causal model of outputs to outcomes
Driver’s licenses in Delhi: What is the “policy” for getting a driver’s license?

- Studied people getting driver’s license
- Completely Typical de jure policy prove identity, residence, age, and driving competence
- De facto policy: hire a tout and the driver’s examination is waived
- >2/3 of those who got a license (and avoided test of competency) by hiring a tout had no driving skills at all

Organizational capability is not the sum of individual capacity

Difference in performance for the same health care provider in their public and private clinics

Source: Das et al forthcoming
The Big Stuck

Very negative

Slow negative

Slow positive (with years to high capability)

Rapid

Strong capability (SC>6.5)

Middle capability (4<SC<6.5)

Weak capability (2.5<SC<4)

Very weak capability (SC<2.5)

70 of 102 countries had deteriorating state capability in the aggregate over 1996-2012

49 of 102 countries have weak or very weak state capability in 2012

At current trends only 13 of 102 developing countries would have strong state capability even by 2100
Techniques of successful failure:

- Isomorphc Mimicry
- Premature Load Bearing
- Pretend its Logistics
Isomorphimic Mimicry is gaining survival value by looking like something else

(Conant 1958)

Eastern Coral Snake (venomous)

Scarlet King Snake (non-venomous)

(Remember: Red and black, friend of Jack, Red and Yellow, Kill a Fellow)
What is the ecosystem for organizational survival in which isomorphic mimicry is a technique for succeeding as an organization while failing at its purpose?
Ecosystem for organizations

- Closed
- Agenda Conformity

How Open is the System?

Open

How is Novelty Evaluated?

Enhanced Functionality

Strategies for Organizational Legitimation within the Ecosystem

Demonstrated Success

Organization

- Isomorphic Mimicry

Leadership Strategies

Value Creation

Agents

- Organizational Perpetuation
- Self-interest

Front-line Worker Strategies

Performance Oriented
How do you destroy organizational capability?

Premature load bearing

Import tax collection agency

Maximally Feasible tax code

Training

No amount of training is going to increase organizational capability in practice when the stress of existing policy implementation already far exceeds capacity

Existing tax code

Available rewards to Non-compliance for individual agents

Rent collectors
Response to Low Capability: Make it logistics

Get rid of “discretionary” part of driver’s license?

Doctors to give patients all the same advice?

Teachers to follow a day to day script?
Once systems decide that logistics of input compliance is all they do....

<table>
<thead>
<tr>
<th>Enrolments</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrolment in government schools</td>
<td>Enrolled in private</td>
</tr>
<tr>
<td>2004/05</td>
<td>5,487,221</td>
</tr>
<tr>
<td>2011/12</td>
<td>4,226,225</td>
</tr>
<tr>
<td>Gain/loss</td>
<td>-1,260,996</td>
</tr>
</tbody>
</table>

A million children abandon public schools, learning is getting worse and worse and the Ministry declares success—with data.
Problems cannot be solved by the same level of thinking that created them.

Albert Einstein
The feasible path has to start from where you are....

“You cannot cross a chasm in two jumps”

...because if the first fails, you are at the bottom, with broken bones
PDIA (Problem Driven Iterative Adaptation) as an approach to building capability of state organizations while producing results
Out of 30 examined cases of successful reform in developing countries...

What Motivates Reform?  How do reforms get implemented?  Final structures

Solution and Leader Driven change  PDIA
Four Principles of PDIA (Problem-Driven Iterative Adaptation)

1. Local Solutions for Local Problems
2. Pushing Problem-Driven Positive Deviance
3. Try, Learn, Iterate, Adapt
4. Scale Learning through Diffusion

This section is based on Andrews, Pritchett and Woolcock 2013 (forthcoming)
Local Solutions for Local Problems

• Good problems
  o Agenda for action focused on a locally nominated (through some process) concrete problem
  o Not “solution” driven that defines the problem as the lack of a particular input (e.g. “teacher qualifications”) or process (e.g. “EMIS”)
  o Rigorous about measurable goals in the output/outcome space (e.g. cleaner streets, numbers of new exports, growth of exports)—can we know if the problem is being solved?
Examples of “problem driven”

Compliance Driven

• Enforce existing regulations on workplace safety
• Hire teachers with required qualifications
• Comply with procurement regulations

Problem Driven

• Reduce fatalities/accidents at work places
• Attract and retain teachers who help student progress
• Buy things effectively
Pushing Problem Driven Positive Deviation

- Authorize some agents (not all) to move from process to flexible and autonomous control to seek better results.

- An “autonomy” for “performance accountability” swap (versus “process accountability”)

- Only works if the authorization is problem driven and measured and measurable... increase the ratio of “gale of creative destruction” to “idiot wind”
Authorizing positive deviation

- Allow flexibility in methods against specified and agreed to problems

- “Fence breaking” activities that allow deviations from process controls for designated activities

- Rapid feedback loops to search over design space
Design policy based on global “best practice”. Implement according to local constraints.

Policies include process controls to prevent malfeasance.

Process controls also prevent positive deviations.

Rent Seekers  Bureaucrats  Innovators

Space for Achievable Practice

Lower Outcome  Outcome  Higher Outcome
Design policy/project to allow designated innovators to search for local “Best Fit”

Internal authorization of positive deviation

Rent Seekers  Bureaucrats  Designated Innovators

Process Controls  Space for Achievable Practice  Process Controls

Feedback on Outcomes with shut down or modification of failures and/or replication of successes

Worse outcomes  Current outcomes  Better Outcomes
PDIA: Building state capability by delivering results

- Focus on locally nominated problems for which there is authorization to act
- A sequence of steps to solve the problem that authorizes positive deviation
- Rapid iterative approach to making progress
- Scaling by diffusion of demonstrated practices across the organization