



## Institutions Taking Root: Building State Capacity in Challenging Contexts

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Building and operating successful public institutions is a perennial and long-term challenge for governments, even under ideal circumstances. The complexity of this challenge is compounded by the volatile conditions found in fragile and conflict-affected settings (FCS), where human security, social cohesion, political stability, and economic activity have been dislocated. The academic and practitioner literature on FCS is replete with instances of institution-building challenges, obstacles, and—ultimately—failures. Yet, despite the daunting odds, some public institutions in FCS do manage to take root and effectively deliver results and core services, earn legitimacy in the eyes of the citizenry, and forge resilience in an otherwise tumultuous operational context. This observation is the analytical puzzle motivating this study. We concentrate on a sample of these success stories in order to illuminate the shared causal factors underlying success and thereby isolate the institutional practices and processes that underpin capable public institutions in inhospitable settings. The findings contribute to filling a critical gap in the literature on FCS and provide guidance for policy makers engaged in public sector institution-building efforts in countries with weak institutional capacity.<sup>1</sup>

Institution building is a lengthy and complex undertaking anywhere, yet in FCS the challenges that must be navigated are especially daunting. FCS are marked by salient, often long-standing, societal, political, and geographical cleavages. The sociopolitical landscape is often fluid and subject



to large and unpredictable sways. Usually the state has a light footprint beyond the capital and informal institutions are more present in citizens' lives than formal ones. Patronage and widespread rent-seeking and corruption are common. The state has little legitimacy in the eyes of the citizenry and the state-society compact is weak at best. Development partners are inconsistent in their responses to these situations: on the one hand, they often disengage from situations that are broadly dysfunctional, while, on the other hand, they pour abundant and often poorly coordinated resources into the immediate aftermath of violent conflict.

We find that institutions succeed in these inhospitable environments when they are able to construct strategies of deft management—through a shared repertoire of tools and reforms—and concurrently employ tactics to navigate the broader sociopolitical environment in which they are embedded. In our sample, there are no clear predictors of which institutions or sectors will be successful. Sector institutions that are succeeding in one country are failing in other FCS. Yet one clear pattern emerges from our study: by focusing on delivering results and generating legitimacy at the same time, successful organizations develop internal efficiency and create the external constituencies needed to secure political support. They cumulatively build resilience and the ability to sustain gains in what can be rapidly shifting political-economic environments. Broad social support makes it politically attractive for principals to support reforms and can help restrain excessive political interference. In all of the cases, a network of technical leaders and practitioners ignites and sustains the successful trajectory.

The agencies in this study display different patterns in the manner in which they connect their micro-organizational strategies to the broader macro-sociopolitical environment. Some institutions succeed on the basis of a positive cycle driven by strong elite commitment to their particular policy area. Other successful institutions seize on a window of opportunity to lock in reforms and build a measure of operational autonomy before the political equilibrium shifts. Still other agencies succeed by more actively cultivating broad support from clients and key stakeholders, sometimes in the face of an adverse political environment, working under the radar to implement reforms and achieve results, later mobilizing some support from political principals. The distinction between these three pathways to institutional success is in the degree to which institutional success emanates from political incentives and imperatives or the institution's own ability to build a case for its political significance. Yet all of these profiles combine macropolitical and microinstitutional strategies in

ways that enable institutions to take root and succeed. Notably, the repertoire of strategies these agencies deploy is remarkably similar across the different pathways.

We build our argument as follows. First, we frame the pursuit of state capacity in challenging environments as an undertaking at the intersection of macropolitical context and opportunities and microinstitutional choices and strategies. Second, we define institutional success, outline the structured, focused case comparative methodology employed in the study, and discuss our sample of successful agencies. Next we turn to the empirical findings emerging from case studies of nine successful public agencies in The Gambia, the Lao People's Democratic Republic, Sierra Leone, and Timor-Leste. Third, we describe three alternative pathways to institutional success. Fourth, we briefly catalog the core institutional repertoire of tools and strategies underpinning success across the variety of agencies in our study. And fifth, we present the policy implications emerging from our study. The conclusion briefly revisits our key findings and suggests further research possibilities on this topic.

### **Literature Review: Building State Capacity in Challenging Contexts**

The development community has converged on the consensus that the challenges facing fragile states lie in the extreme degree to which they lack institutional capacity. Elites in FCS must develop two dimensions of institutional capacity to be able to effectively deliver on any form of state-society compact. The first dimension of state capacity is the “Weberian” element of intensive capacity, which rests on the internal organization and autonomy of public agencies (World Bank 1997). The second dimension of institutional capacity is the “Tocquevillian” element of extensive capacity, focused on the state's connections to society.<sup>2</sup> In short, successful public agencies require the internal organization to define and act on their mandate and they must manage their external relationships to deliver on societal needs and successfully navigate the sociopolitical context.

#### *Macro Side: Fit with the Sociopolitical Context*

Institutional capacity-building and reform initiatives, to be tractable, durable, and legitimate, must resonate with a country's social and political fabric, aligning with the incentives of the makers and implementers of policy and taking into account the social context in which the broader

population lives. *World Development Report 2011* advances such a good-fit, incentive-compatible philosophy, arguing that institutional reforms in FCS do not need to be technically perfect; rather, they should be adapted to the political context and incentives in place at any given point in time.

Some have argued, in this vein, that successful institution building must necessarily be aligned with the negotiation and composition of the state-society compact.<sup>3</sup> The ability of public institutions to deliver on the state's compact with society depends on their interaction with many sets of stakeholders—including their political and bureaucratic principals, their donors and implementation partners (public and private), and their service clients. Leonard (2010) points out that organizational effectiveness depends, in part, on the benefits the agency generates for politically powerful groups.<sup>4</sup> Manor (2007) argues on the basis of detailed empirical case studies that organizations in FCS are more likely to be successful if they design programs and adapt implementation based on close consultation with local-level stakeholders.

Similarly, the ability of an institution to take root is embedded in political processes and power structures, both formal and informal, and the country's historical trajectory.<sup>5</sup> Some elements of fragility are deeply ingrained in societal dynamics and relationships, and a core dimension of institutional capacity concerns the extent to which the agencies of the state are able to help mediate social conflict and assist in repairing and building the sociopolitical fabric.<sup>6</sup>

In fragile states, with low institutional capacity, these political forces and macro social cleavages can be fluid and sometimes subject to surprisingly swift—and easily reversible—change. In a practical sense, organizational effectiveness is contingent on the broader political context and institutions that shape what is operationally feasible.<sup>7</sup> In some cases, the overarching elite political bargain will serve developmental goals; in other cases, the interests of the political elite may give it a particular interest in a specific sector or category of public services for an important part of society.

### *Micro Dimensions: Institutional Strategies for Success*

Scholars and development practitioners have found that internal and external dimensions are relevant in explaining successful institution building in challenging contexts; and, moreover, they tend to argue that the two dimensions interact.<sup>8</sup> In surveying the literature, Leonard (2010) observes that one major strand of hypotheses on organizational effectiveness holds that it is determined in large part by how an organization's management

structures it to achieve its tasks. Grindle (1997), for example, highlights four characteristics that enable public sector organizations to perform relatively well in otherwise unfavorable developing country contexts. Successful organizations develop an organizational mystique, or an internalized sense of mission; have flexible managers who are problem-solving and teamwork oriented; have clearly defined performance expectations; and have some autonomy in personnel management.

The focus on how an agency's functions can affect performance is akin to Israel's (1987) landmark theory of "specificity" in institutional development, whereby organizations that perform more highly technical and specialized functions (e.g., central banks, compared with education ministries) are more likely to be high performers.<sup>9</sup> Fukuyama (2004) narrows the concept of specificity to suggest that state-building and institutional reform efforts are most successful in agencies where tasks are highly specific and the volume of transactions is low, because these are the organizations in which monitoring outputs and accountability is most possible.

Moving away from the recourse to first-best reform dictums, the development community has come to agree on the concept of "good enough governance," first articulated by Grindle (2004, 2007). The notion centers on "good-fit" approaches, or contextually grounded and feasible institutional arrangements that achieve a *de minimus* degree of quality sufficient to enable a country to fulfill its developmental goals. In a similar vein, institutions are more likely to be successful in fragile contexts when they carefully identify, tap into, and build on preexisting capacity—whether this capacity is situated in the agency, other public institutions, or non-governmental or civic groups. Teskey (2005), for example, emphasizes the importance of aligning individual staff competence, the organization, and institutional context in the pursuit of sustained capacity building. As mechanisms for doing so, he underlines the importance of precisely defining the institutional challenge and the interests involved, as well as constructing a targeted approach to the scope of organizational reform.

Often, public sector agencies that pursue certain functions adopt similar institutional forms across countries, especially in response to donor preferences and programs that emphasize certain normative models of organization—for example, ministries of finance tend to resemble each other quite closely.<sup>10</sup> Isomorphic mimicry can prove an important strategy for successful institutions to garner financial resources and other forms of donor support. Yet, as Pritchett, Woolcock, and Andrews (2013) assert, this focus on institutional form can often mask a lack of functional

development activity and create a “capability trap” instead of enhancing capacity. In practice, the institutional form of public sector agencies can and should vary in their pursuit of specific functions.<sup>11</sup>

### **Research Design: Explaining Institutional Success**

Many advances have been made in recent years in defining and measuring public sector institutional capacity writ large.<sup>12</sup> Yet relatively little causal thinking has been devoted to assessing what elements of institutional design and operation actually contribute to success. This study seeks to understand the underpinnings of successful institution building by focusing on those public organizations in which success has been achieved. In choosing to study only successful institutions, we are deliberately selecting on the dependent variable. The approach of focusing on success stories to understand organizational effectiveness in developing countries has a demonstrated intellectual lineage. Leonard (2010, 94) points out a small, yet influential, group of scholars—including himself, Norman Uphoff, Judith Tandler, and Samuel Paul—who have studied successful development interventions on the premise that “it is dangerous to derive development prescriptions only from data that are largely dominated by failures.” This includes the research project *Institutions for Successful Societies* led by Jennifer Widner, at Princeton University, that investigates and chronicles how reformers build effective government institutions.

We define an institution as successful if, at a minimum, it achieves three core sets of outcomes: results, legitimacy, and durability.<sup>13</sup> An institution is considered to achieve results if it exhibits sustained, measurable improvements in key agency outputs and outcomes. In measuring legitimacy, we focus on the population’s sentiments regarding the agency’s performance, including whether an institution has achieved results across any cleavages (e.g., rural-urban, between ethnic groups, and so forth) that may exist.<sup>14</sup> Finally, a resilient institution is durable, sustaining and enhancing results over time, even in the face of changing leadership and exogenous shocks. These three dimensions of success are, of course, interwoven—an organization’s legitimacy depends at least partly on its results; an institution that is seen as legitimate is more likely to be resilient; and, in turn, a more resilient institution has a greater opportunity to earn legitimacy and achieve results.

We considered for analysis any public institution in a country on the World Bank’s FCS list in 2009 that met the defined criteria of success as

long as it can be reasonably seen as a permanent instrument of the state. The public institution could thus be a finance ministry, a service delivery institution, or even a state-owned enterprise—but not a project implementation unit or donor-funded program. We use the term “institution” colloquially, that is, interchangeably with “agency” or “organization,” rather than hewing to the new institutional economics definition of institutions (see North 1990) as “rules of the game” or “established social practices” that are distinct from organizations.

A pool of potential case study institutions was created by soliciting from FCS practitioners at the World Bank examples of institutions that appeared to meet the three defined criteria of success. The success of each institution proposed through this process was subsequently corroborated through secondary research and a round of narrative-based interviews with individuals with firsthand experience with the institutions. Three criteria were then applied to this sample of successful institutions to select a subset of cases for intensive study. First, we narrowed the list of countries to those in which two or more successful institutions were identified, thus enhancing analytical leverage of the study by enabling each country case to encompass at least two units of observation. Second, we selected countries to cover a broadly categorized spectrum of institutional capacity in FCS, ranging as follows: (a) generally disintegrating institutional capacity; (b) weak institutional capacity with some pockets of effectiveness; (c) broadly improving institutional capacity, with some serious deficiencies; and (d) strengthening institutional capacity across the board.<sup>15</sup> Finally, we aimed for some degree of cross-regional coverage for the purpose of global knowledge building and sharing.

Applying these three selection criteria, the study covers nine varied public organizations in four countries: in The Gambia, the Ministry of Basic and Secondary Education (MoBSE) and the Ministry of Finance and Economic Affairs (MoFEA); in the Lao PDR, the Ministry of Public Works and Transport (MPWT) and Électricité du Laos (EDL); in Sierra Leone, the Ministry of Finance and Economic Development (MoFED) and Local Councils; and in Timor-Leste, the Ministry of Health (MoH), the Central Bank (formerly the Banking and Payments Authority or BPA), and the Ministry of Social Solidarity (MSS). The analysis of each organization’s evolution extends over one or two decades, thus covering periods of fragility or conflict as well as the ensuing developments. The contrast between the selected institutions and the overall quality of public administration is particularly stark in countries with low overall institutional capacity.

But the cases are also positive outliers even in countries in which overall institutional quality has markedly improved in recent years. Although the four countries vary in their level of overall state capacity, they all are at the lower end of global capacity and fragility scales.<sup>16</sup> The four countries in the sample are all relatively small, and generalizing findings demands caution; nevertheless, the study's methodological approach enables the drawing of contextualized insights that will be relevant to the FCS universe.

The selected institutions were examined through a structured, focused comparison across cases to shed light on the shared causal underpinnings of success, along with process-tracing within cases to bolster our understanding of how the various causal mechanisms are sequenced and combine to produce observed outcomes. The method is "structured" in that the case study guide was grounded in a set of questions reflecting the research objective and hypotheses; and the method is "focused" in that it deals only with certain aspects of the historical cases examined. Overall, this methodology is well suited to identifying causal mechanisms and to building theoretical generalizations on the relatively small universe of cases of institutional success in FCS. Use of the case study guide to standardize data collection enables a systematic comparison of the cases and also allows for future research on additional cases to test and strengthen the findings.<sup>17</sup>

The core causal expectations shaping the inquiry covered three concentric circles of internal institutional workings, external operating environment, and broader sociopolitical context. Field research on the basis of the case study guide was conducted through a combination of in-depth elite interviews and focus group discussions with agency officials, staff, stakeholders, and clients; these were complemented through secondary survey sources where possible. Interviews and focus groups were sequenced in a manner both outside-in (focusing on external stakeholders and clients first before moving to agency staff) and bottom-up (beginning with front-line service providers before moving to agency management and political leaders), so as to ensure that typically less dominant viewpoints were represented.

The following two empirical sections present the key findings emerging from this research program. First, we map three broad pathways along which successful agencies navigate the evolving sociopolitical context in which they are embedded, emphasizing how they do so by introducing internal management reforms while increasing their engagement with clients and stakeholders. Second, we catalog the core institutional repertoire of tools and strategies underpinning success across the agencies in our study.



## Pathways to Institutional Success: Navigating the Evolving Sociopolitical Context

This section synthesizes the experiences of the nine studied institutions by describing three alternative pathways along which the agencies interact with their evolving sociopolitical context.<sup>18</sup> These three pathways represent stylized descriptions of the dynamic—often nonlinear—manner in which micro-organizational-level strategies and reforms connect with the macro-sociopolitical environment in the context of FCS. These three pathways are neither country- nor institution-specific. Different institutions may be situated along different pathways in the same country. And the same institution may switch pathways over time as it finds itself in a shifting macro-political environment.

The first pathway is one in which the institution's objectives are closely and consistently aligned with elite incentives, which facilitates the introduction of wide-ranging reforms in a relatively short time span and generates a positive cycle of better results and more political support. The second route is one in which the institution takes advantage of an initial alignment between the organization's goals and elite incentives, quickly implementing and locking in reforms before the prevailing political equilibrium changes. The third trajectory is one in which a public organization works with no active support from political principals and may in fact face adversity from them. Yet the institution uses its results and connections with a broader set of stakeholders to build credibility and, ultimately, mobilize support from elites to reinforce existing gains.

We find that the concurrence of an organization's goals with the incentives of the political elite is important and can help achieve results quickly, but it is neither a necessary nor a sufficient condition for institutional success. First, all the nine institutions we examine deploy, to a remarkably similar degree, a micro-institutional repertoire of management tools and reforms which we catalog in the next section. This repertoire appears to be important for institution building in all three trajectories regardless of the level of elite support. Second, agencies build connections with clients, other stakeholders and donors to shield the institution from adverse elite influence or to secure elite support. This is particularly important when the institution's goals are not aligned with those of the broader political elite. In other words, institutions that achieve momentum for reform and legitimacy can influence their macropolitical environment rather than merely being subject to it. In our description of the three pathways, we therefore



emphasize the organization's relationship to not only its political principals, but also its clients and other stakeholders, including its external donors.

In a comparative snapshot, it can be difficult to differentiate those institutions that have always relied on elite support from those that have had to build such support more actively. Because of that, it may erroneously be concluded that an institution invariably has to count on elite support to succeed. Looking at institutional trajectories over time reveals changes in elite behavior toward the institution and sheds light on the strategies institutions have deployed to affect elite views and support. A longitudinal approach also highlights the importance of organizational inertia and path dependence, illustrating how institutions that achieve results in a period of elite support build resilience toward times of waning elite support, especially when they have built bridges to other stakeholders.

### *Positive Cycle of Strong Elite Commitment and Results*

The first pathway captures those cases in which the objectives of elites and those of a public agency are aligned. This agreement creates a virtuous cycle of results and legitimacy that reinforces support for the agency by the political elite. In some cases, this virtuous cycle generates legitimacy well beyond the confines of the agency itself and strengthens the legitimacy of the state as a whole.

Elite support can initially be motivated by factors that range from development aspirations to badly needed donor resources, or even a genuine existential threat. Because of the support from elites, the agency enjoys the resources and space to manage its affairs based on technocratic grounds. Elite support can also help mobilize informal institutions and actors to reinforce reforms and remove spoilers or roadblocks to implementation. All this yields visible results that generate legitimacy for the institution among citizens. Elites can exhibit these results to domestic and external audiences, which in turn helps sustain their interest and support for the agency. Over time, the positive cycle translates into the scaling-up of services and increasingly sophisticated internal management systems.

Early reforms and results also make the agency an attractive partner for development organizations and bilateral donors, which see the institution as an entry point in an otherwise difficult environment and a place where their assistance can generate returns. Organizations on this pathway become progressively more capable of coordinating and integrating aid programs and driving the dialogue with external partners. The financial and technical



support of development partners amplifies elite commitment and provides the institution with additional resources to continue its reform program.

The trajectories of Lao PDR's EDL (Barma and Robert -Osken in this volume) and MPWT (Barma and Robert Osken in this volume) as well as Sierra Leone's MoFED (Viñuela and Barrie in this volume) exemplify this pathway. We briefly illustrate the pathway with the case of MPWT; details on all three cases can be found in the respective case studies.

At the end of Lao PDR's violent conflict in 1975, the Lao People's Revolutionary Party was greatly preoccupied with solidifying the territorial integrity of the young country. This concern underpinned initial elite support for the transport sector. The state has thus devoted a substantive portion of domestic resources to expanding the road network, with MPWT for its part focusing on results and the efficiency of its investments. A small but consistent set of bilateral and multilateral donors has supported the sector for more than 30 years, and MPWT benefited from early bilateral support centered on planning, human resource management, and financial management. Donors adopted a division of labor on the basis of geography. Having demonstrated strong financial management practices, MPWT was able to resist the practice of donor-specific project implementation units and instead mainstreamed the administration of donor-financed programs, enabling the in-housing of this institutional capacity. Once the reach and density of the road network had been expanded, MPWT progressively shifted part of its efforts to maintenance and introduced a more advanced evidence-based performance management system to determine the frequency and level of capital allocations needed to preserve existing roads.

### *Opportunity to Lock in Reforms*

The second pathway captures those cases where the political landscape temporarily allows for locking in reforms. The reforms may be part of a peace settlement or seen as necessary to prevent a relapse into conflict or fragility. Over time, the political commitment fades as the sense of urgency diminishes or because politics shift. Foreseeing the possibility of such a reversal and trying to maximize the momentum for reform, leaders of agencies on this pathway push for rapid changes and fast-track reform programs before the window of opportunity closes. Such reform efforts may focus on human resource gaps, financial systems, or legal provisions, but—most importantly—they also put substantial effort into translating

these initial reforms into rapid and visible results that earn the agency legitimacy with clients.

In the medium term, the agencies on this second pathway are able to sustain the gains made, thanks to the institutional capacity harnessed during the years of intensive investment. In some cases, the autonomy of the institution has been “locked-in” by a legal framework or resourcing provisions that cannot be changed easily. As part of the strategy to make reform policies stick, agencies on this pathway mobilize a wide range of domestic and external stakeholders and engage clients in frequent dialogue to disseminate information about programs and their results, get feedback to adjust interventions, and promote trust in the institution. Visible and documented results and stakeholder appreciation provide some shield to the organization for when political priorities change and act to restrain elites from more actively intervening or clawing back resources and autonomy.

Along with clients, development partners value the achievements made by agencies on this pathway. This backing serves as important capital for the organization and, at times, a crucial counterweight when the political elite withdraw their support for the agency. Development partners can reinforce their support to the sector through additional resources, by sharing its results widely, or by actively advocating for the agency and its autonomy.

The Sierra Leone Local Councils (Glynn and Larizza in this volume) and the Timor-Leste MoH (Anderson in this volume) and BPA (Viñuela in this volume) exemplify this second pathway. We illustrate this pathway by briefly describing the histories of the local councils and the BPA. Details for these two cases as well as MoH can be found in the respective case studies.

Even before the conflict in Sierra Leone ended in 2002, there was widespread agreement among political leaders and development partners that addressing the root causes of conflict would require not only improving security and control over the territory, but also rapidly delivering services to regions long neglected by the central government. One of the main groups that could have opposed the restoration of local councils—the traditional chiefs—had little collective action capacity at the time since they had been a prominent target for rebels. To lock in the decentralization reform, a law creating local councils was rapidly approved, before the formal decentralization policy was adopted. The first round of local elections was held in 2004—a year before the national elections, which ultimately led to a change in ruling party. Once established, local councils were given a block grant and asked to deliver a first round of small capital projects

in the first 100 days of their mandate. This strategy helped the councils to acquire visibility rapidly and engage with citizens. Six years later, a 2010 survey showed that a greater percentage of Sierra Leone's citizens trust local government than central government. A central government that seeks reelection may thus refrain from renegeing on the popular decentralization agenda, at least publicly. Nonetheless, the incumbent party, which has strong links with traditional authorities and has historically used them as its political operators, has shifted some important revenue sources to the chiefdoms, eroding the revenue base of the local councils.

Another example of the second pathway is Timor-Leste's quasi central bank, BPA. During the early years of independence, the Timorese elite prioritized the legal underpinnings of the state and created a lean government, including laying the foundations for an independent central bank and for the transparent and conservative management of revenues from the then nascent oil sector. BPA quickly adopted a roadmap for institutional development and supported the preparation and passing of key pieces of legislation (including the Petroleum Law), the capitalization of the institution, and the adoption of a separate human resource policy and pay scale. BPA early on established an outreach strategy for citizens, along with regular press conferences and releases of data for civil society organizations, parliamentarians, and other stakeholders. The autonomy BPA had gained by 2006 helped the agency to manage the transition toward a government that favored the immediate use of petroleum revenues, undermining the institution's efforts for maintaining price stability and the transparency of petroleum revenue management. Although the government has not decreased the autonomy or independence of BPA and has even passed an organic law to establish it as the Central Bank, a new Petroleum Law has drastically limited the institution's influence over the management of oil revenues. Strictly sticking to its mandate, the Central Bank has used its considerable institutional and outreach capacity to inform decision makers and the public at large of the risks associated with the revised policies.

### *Results to Mobilize Support from the Ground Up*

The third pathway captures those organizations that lack explicit support from the political elite because the institution's objectives run contrary to elite interests or do not make the list of their priorities. These institutions have had to actively mobilize support from their principals and advocate for their organizational goals.

Initially, these institutions may not be shielded from direct and frequent unwanted interventions from principals. They work under the radar to implement internal reforms and achieve early results and mobilize domestic and external assistance to scale up programs. They try to shield critical areas from frequent political interference by parsing functions and introducing legal autonomy. The leaders of agencies on this pathway are active advocates for their sector and dynamically mobilize political support. In particular, they reach out to clients and build coalitions that are able to act as a counterweight to the ruling elite. They display results to convince principals of the importance of their policy area and the potential returns to increasing investment in their organizations. Demonstrations of external recognition (good scores in international rankings or assessments, progress against international goals, prizes and mentions, among others) may also help elevate the sector on the national policy agenda.

This set of successful agencies offers an attractive opportunity for domestic elites and external donors to add support and by doing so, receive some credit for the achievements. The results that emerge from internal reforms, along with the increasing flows of external aid and recognition, help them to increase the attention and interest of leaders in their policy area and, in turn, cement their own successes. In a very real sense, the organization contributes to the transformation of its external operational environment. Tangible results enhance the position of the state in society more broadly. Increasing client satisfaction reflects positively on the legitimacy of the regime and thereby creates a positive feedback effect that triggers the favor of political principals. A positive cycle ensues and allows the institution to introduce more sophisticated internal management systems and make further gains in terms of results.

Development partners working in these situations can deploy resources and technical assistance to support internal changes and help expand the space for reforms. At times, they actively help shield the sector's resources from political interventions by channeling support through ring-fenced mechanisms, or through projects, resources, or the suspension of programs to aid sector officials and dissuade the elite from interfering in technical decisions.

The Gambia's MoBSE and MoFEA (Viñuela and Alvesson in this volume) as well as Timor-Leste's MSS (Anderson in this volume) exemplify this pathway. We illustrate this pathway by briefly describing the journeys of MoBSE and MSS. Details are available in the respective case studies.

In The Gambia, expanding access to education in rural areas and increasing the participation of girls and minorities was not a high priority in the public agenda until recently. Nonetheless, from the early 1990s, MoBSE, partnering with several domestic and external organizations, began making consistent gains in school enrollment that accelerated after 2000. It was only then that President Jammeh started to highlight the sector in his public addresses and launched a program to support girls' education. Having made significant progress on enrollment, MoBSE has now turned its attention to improving the quality of education and expanding the number of qualified teachers.

Another example is the case of MSS in Timor-Leste. The country's social protection agenda was hampered by the first independent government's strong dislike of the subsidies and cash transfers used under Indonesian rule. Building on the experience and credibility of administering programs for veterans and internally displaced populations and managing disaster relief, the organization slowly introduced several initiatives for other groups, including mothers and children, the elderly, and disabled individuals. As these programs proved effective and valued by citizens and district and traditional authorities, the government started to support their scale-up. With new external support, MSS is now focused on increasing its efficiency to deliver cash transfers and monitor their effectiveness and is scaling up a program of community mediation.

### **Core Institutional Repertoire: Shared Underpinnings of Success**

Each of the organizations in our sample has resourcefully navigated the sociopolitical context in which it is embedded. Each of the organizations has achieved results and expanded the scope and coverage of the services it provides, making special efforts to ensure services for hard-to-reach populations and across societal cleavages. Each of the institutions has built relationships with its clients and other stakeholders, enabling them to establish legitimacy and manage shocks and changing conditions. The institutions have commonly resorted to formal and informal partnerships to augment the scope, legitimacy, and stability of their mandates.

Our research shows that the agencies deploy a repertoire of organizational tools in achieving these outcomes that is remarkably similar across the sample. The repertoire includes making strategic choices; adapting

administrative architecture and processes to the mission; managing people; building organizational identity; relying on leadership beyond individuals; fostering learning and self-evaluation; and cultivating relationships with clients and other stakeholders. Table O.1 summarizes the strategies observed across the cases. Grindle (1997) identifies many of the elements of these strategies as contributors to organizational success in developing countries; the elements also represent the conventional wisdom in organizational management theory more generally. The study confirms that these earlier conclusions and generalizations are applicable to FCS and should be given more weight in operational approaches to supporting FCS.

### *Making Strategic Choices*

Reorienting the mission and focusing on results, identifying the agency's most immediate needs and ways to neutralize spoilers, making effective use of change management, and constant messaging of priorities are all common strategies used by the well-performing organizations we study. Clearly targeted and implementable goals, along with an early focus on implementation, have been an important building block of organizational effectiveness. In most examples, institutions have developed strategic and mid-term plans through participatory means, which have ensured that the mission can easily be identified by staff at all levels, by clients, and by relevant stakeholders. Raising awareness about the organization's mission and targets has had the added benefit of creating a constituency for change and establishing external accountability.

### *Adapting Administrative Architecture and Processes to Mission*

Following an incremental or building block approach in developing organizational structure and functions has helped several of the studied agencies to deploy existing resources and capacities more effectively and build on them to expand the mission's scope gradually. Restructuring has been used to flatten organograms and delegate decision making to middle managers who are located closer to the front line of service provision. As services expand and the number of clients grows, these agencies have streamlined processes and systems to adapt to the new scale and complexity. Timor-Leste's BPA, for example, started out simply handling payments for the administration and gradually added other functions, always making sure adequately trained staff were in place before the new function was activated. In other organizations, especially in the case of central finance



agencies, insulation was used to shield several functions from political interference by granting semiautonomous status to various units.

### *Managing People*

A common characteristic of the analyzed institutions is that they pay a great deal of attention to the agency's staff. They mobilize and build on existing skills (or "organizational survivors"), competitively recruit senior and middle management staff, train new employees, and retain staff in the medium and long term. Access to continued training as well as international exposure have been important in attracting and retaining staff. Électricité du Laos and Timor-Leste's Central Bank and MoH, for example, have implemented long-term capacity-building initiatives with foresight. Timor-Leste's MoH temporarily subcontracted services to international nongovernmental organizations (NGOs) while sending staff to be trained abroad, offering them a guaranteed position on return. After fully resuming the responsibility for health services, it absorbed the well-trained local personnel of the international NGOs and those that had worked for the Indonesian government.

The ability to retain staff has often been a function of remuneration and benefits. The more autonomous agencies, such as the Central Bank of Timor-Leste and Électricité du Laos, offer salaries that are much more competitive than those of other public entities. In other cases, above-average remuneration has been introduced through ad hoc systems or project-funded positions. More flexibility in pay schemes, whether through a different pay scale or the use of special allowances, has permitted these agencies to deploy skilled staff closer to their clients, which in turn has helped institutions to understand and meet their needs.

Many of the public agencies in the sample have instituted processes to motivate people to improve their performance. Such efforts range from fairly sophisticated 360-degree performance evaluation to much simpler appraisal mechanisms, but all link the attainment of certain goals to rewards (cash payments and in kind) and career advancement opportunities. In these agencies, the evaluation of work programs has provided a basis for planning and implementing service improvements and has provided staff with information on their performance and an understanding of how they fit in the organization.

### *Building Organizational Identity*

The institutions in our sample have deliberately cultivated an organizational identity. Organizational success, and the external recognition that

**Table O.1. Repertoire of Practices**

Practice	Local councils (SL)	MoFED (SL)	MoBSE (TG)	MoFEA (TG)	BPA/CB (TL)	MoH (TL)	MSS (TL)	EDL (LPDR)	MPWT (LPDR)
<i>Strategic choices</i>									
• Reorienting the mission and focusing on results	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Focusing on most immediate needs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Changing management and messaging	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
<i>Administrative architecture and processes</i>									
• Building-block approach to institution building	Yes	No	Yes	No	Yes	Yes	No	No	Yes
• Deconcentration of decision making	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes
• Building implementation partnerships	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Streamlining of processes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Insulation of functions	No	Yes	No	Yes	Yes	No	No	Yes	No
<i>Managing people</i>									
• Competitive recruitment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Competitive compensation	Yes	Partially	No	No	Yes	Yes	No	Yes	No
• Performance review	Yes	Partially	Yes	No	Yes	Yes	No	Yes	Yes
• Performance rewards	No	No	No	No	Yes	No	No	Yes	No
• Restructuring of individual work processes	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes
• Limiting external consultants and project personnel	No	No	Yes	No	Yes	No	No	No	Yes
• Promoting staff within the institution (including top leadership)	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
• Identifying, attracting, and deploying skilled staff close to clients	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Mobilize and build on existing skills	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
• Longer tenure of senior and middle managers	No	Yes	Yes	No	Yes	No	No	Yes	Yes
<i>Building organizational identity</i>									
• Emphasizing institutional values	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Leadership and role modeling	No	Yes	Yes	No	Yes	No	Yes	No	Yes
• Internal communication	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes



*Leadership beyond individuals*

- Core group of senior technical staff and managers helped maintain a consistent approach in the institution's development
- Senior organizational leaders rose through the ranks of the institution

Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Partially	Yes	Yes	Partially	Yes	No	No	Yes	Yes	Yes

*Learning and self-evaluation (information)*

- Early introduction of monitoring tools and development of self-evaluation skills
- Customizing data collection to needs and capacities
- Information collection linked to planning and policy development

Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Partially	Yes	Yes	Yes	Yes	Partially	No	Yes	Yes	Yes

*Relationship with clients and stakeholders (coalition building)*

- Consulting and listening to clients and stakeholders
- Adapting policies to informal institutions and cultural practices
- Displaying results and advocacy
- Signaling competence by adopting international standards and systems
- Facilitating/demanding informal and formal donor coordination

Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No
No	No	Yes	No	No	Yes	Yes	Yes	No	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes

Note: SL = Sierra Leone; TG = The Gambia; TL = Timor-Leste; LPDR = Lao PDR; MoFED = Ministry of Finance and Economic Development of Sierra Leone; MoBSE = Ministry of Basic and Secondary Education of The Gambia; MoFEA = Ministry of Finance and Economic Affairs of The Gambia; BPA/CB = Banks and Payments Authority of Timor-Leste; Central Bank of Timor-Leste; MoH = Ministry of Health of Timor-Leste; MSS = Ministry of Social Solidarity of Timor-Leste; EDL = Electricite du Laos; MPWT = Ministry of Public Works and Transport of Lao PDR.



it entails, is a significant part of the culture and narratives that prevail in the studied organizations. The sense of collective accomplishment has contributed to reinforcing an esprit de corps and the strong identification of staff with the organization. Organizational culture and professional values have been an important factor in driving success. Deliberate efforts to model, articulate, and encourage values by political and technical managers have played a significant role in shaping organizational culture. In most cases, organizational leaders have been central in the move from relatively rigid and control-oriented organizations to more participatory and entrepreneurial organizations. At the same time, they have empowered and collaborated with career civil servants in senior management positions to promote more durable change.

Improving internal communication, information sharing, and employee participation has been a core element of building corporate identity and improving performance. By actively involving employees, organizations are also tapping their explicit and implicit knowledge, skills, and commitment. Newsletters, posters, training, and other means are often used to complement face-to-face communication. Front line staff and other levels of civil servants interviewed for the study cited better communication as having been important for improving their morale and understanding of programs, as well as for giving them the opportunity to voice their concerns to senior management. Some agencies also deploy symbolic features to strengthen institutional identity. The blue-shirt uniforms of Électricité du Laos staff, for example, make staff instantly recognizable as belonging to a cherished institution and are thus a source of respect and pride.

### *Relying on Leadership Beyond Individuals*

Although institutional success is often attributed to charismatic leadership, our case studies highlight that leadership is not exercised by a single individual even if some individuals stand out. In all the cases we examined, a core group of senior technical staff and managers have been crucial in delivering results and building legitimacy and resilience. In the moments of greatest turmoil, these leaders have been essential in ensuring the continuity of service delivery and maintaining the institutional memory of their agencies, sometimes in the face of a severe shortage of staff and widespread physical destruction of facilities and systems. Beyond crisis situations, these networks of leaders have ignited and sustained a successful trajectory for their institutions.

Even after the Sierra Leone civil conflict reached the capital in 1998–99 and MoFED's main building was destroyed, for example, the ministry continued to function thanks to a core group of staff and local consultants. They remained in the capital, exercised key functions, and preserved critical records. After Timor-Leste's independence, a small group of leaders became instrumental in designing the organizational structure and service protocols for MoH. These were built around the pool of qualified nurses and doctors who had been trained and employed by the Indonesian health services and by religious organizations, and who continued to provide services, either privately or through NGOs after much of the health infrastructure was destroyed in the violence unleashed by the country's vote for independence from Indonesia. The Gambia's MoBSE relied on a network of committed education specialists who, in the late 1980s and early 1990s, were trained and deployed as part of its policy planning unit. This was essential in keeping a consistent approach and sustaining the organization along its trajectory. This pool of individuals, moving in and out of MoBSE as a result of political interventions in top-level staffing, led a number of reform initiatives in various corners of the institution and provided the human assets to fill the most senior positions in the ministry and partner organizations. They were instrumental in maintaining a consistent approach along the institution's trajectory.

Across the case studies, leaders have employed deliberate efforts to communicate, model, and encourage values that actively shape organizational culture. The leaders of the Lao MPWT have been committed to excellence in service delivery and have emphasized a hands-on, learning-by-doing, problem-solving approach to the ministry's work. Their credibility with the ministry's personnel is enhanced a great deal by the fact that they have risen up through the ranks of the organization. In addition, agency leaders effectively used rhetoric and coalition-building strategies in the service of institutional change and reforms. In The Gambia, for example, MoBSE leadership has played a significant role in advocating for the sector, moving education to a higher position on the political agenda, and building internal and external coalitions to support sector goals. They have consistently fostered a culture of learning and self-evaluation.

The majority of leaders rose through the ranks of public service, and they often combine technical competencies with social and political capital. In Timor-Leste, for example, leaders often hail from the resistance movement and have strong ties to traditional leadership structures, augmenting their legitimacy in the eyes of the public. The leaders we encountered in our case

studies are astute politicians who understand that achieving results can be a platform for their subsequent political and professional careers, and importantly, they can effectively translate technical issues into the political language of their principals. They sometimes move in and out of the public agency supporting the sector alternately from within and beyond. They are also well networked through their educational and professional experiences, internally and abroad.

### *Fostering Learning and Self-Evaluation*

The early introduction of monitoring tools and development of analytical skills for self-evaluation is an important organizational feature across the cases in the sample. The Gambia's MoBSE, for example, introduced a process to measure and record student and teacher performance. Although systems vary in their degree of complexity and sophistication, they all collect information about outcomes, and some measure client satisfaction. The most successful systems have been those that are customized to the specific needs and capacities of a given institution; hence, they are often not very sophisticated. Beyond putting in place information systems, these organizations have actually linked the collection of information with their planning and policy development processes to improve services and adapt strategies. At the same time, giving employees opportunities for participation, learning, and change has improved employee morale and motivation even when facing disappointing results. Information systems have contributed to better targeting of resources, developing standards, and improving efficiency in service delivery. Realistically assessing human, financial, and institutional constraints has helped managers develop approaches for dealing with them.

### *Cultivating Relationships with Clients and Other Stakeholders*

The institutions in our sample have built durable relations and coalitions that help them deliver on their mandates and mobilize support for their programs. These include a strategic attention to consultative mechanisms with service clients; an emphasis on displaying results, with a particular emphasis on signaling competence; innovative implementation partnerships with private and public sector organizations; policies adapted to informal institutions; and promotion of, and assistance with, donor coordination.

The organizations in the sample have reached out to clients to assess their needs and consult with them on strategies and alternatives to prioritize them or to seek feedback on the quality of services. Increasing accountability and bottom-up communication with end users appears to have had beneficial

effects on program effectiveness and afforded the institutions a better understanding of clients' preferences. A remarkable example is provided by The Gambia's MoBSE, which introduced a Coordinating Committee in the late 1990s that met every two months with directors of all regions and included visits to front line staff and inspections by senior management. This has been a remarkable mechanism in a political context where open debate is extremely limited. Over the next decade, the committee was expanded to include teachers, principals, partner NGOs and donors, as well as other relevant stakeholders. Électricité du Laos has a hotline where consumers can report issues, and these are almost invariably attended to within days.

### *Building Implementation Partnerships*

The service delivery agencies in our sample have cultivated and relied on innovative partnerships with other public agencies, the private sector, and informal institutions. One example is the social dialogue program managed by Timor-Leste's MSS. The program was initially created to facilitate the return of displaced populations after the 2006 crisis. It also focused on mitigating conflict risks, dealing with violence between martial arts groups, and mediating land and cultural disputes. Innovatively, the social dialogue model works in partnership with community leaders and uses traditional dispute resolution methods. The use of these familiar mechanisms has allowed MSS to realize significant achievements in a short period of time and to secure the trust of the population.

In the Lao power sector, the push to reach 90 percent electrification by 2020, has prompted EDL in concert with provincial governments to contract small and medium private companies to extend the grid to remote areas, through a build-operate-transfer model. In the aftermath of Timor-Leste's 1999 independence vote, the MoH's ability to restore services was the result of its partnership with international civil society and religious organizations. Since the early 1990s, road sector development in Lao PDR has emphasized the building of private sector capacity. In the delegated MPWT system, project management (including budgeting, planning, and quality control) was shifted to the provincial level, and implementation was contracted out to a nascent private sector at the provincial and district levels.

### *Signaling Capacity to Mobilize External Resources*

All of the studied organizations have been successful in mobilizing financial resources to fund their mandates and, under some circumstances, to

expand the number of activities that they undertake. The ability to signal effectiveness, report results, and obtain external recognition has been a critical aspect of that effort. Most organizations have at least basic monitoring and data collection systems that allow them to document their activities and achievements and show decision makers that financial resources are being well spent.

In addition, the case studies offer multiple examples of how organizations have adopted similar models as organizations in the same sector in other countries. Whether adopting these models has contributed to greater effectiveness is difficult to determine with this sample size. Nonetheless, it is clear that adopting certain organizational forms has constituted an important signal for development partners and, in many cases, has been driven by the need to conform to requirements to access funding or external assistance. This has led in some cases to disruptive changes that have not furthered institutional interests or effectiveness. In many cases, isomorphic pressures are the result of the specialization of international agencies providing technical assistance in a given area, as well as of the professional norms shared.

### **Policy Implications**

One of the explicit goals of this study has been to understand the shared causal factors underlying successful institution building in FCS to provide the basis for targeted operational insights for policies and programs concerning institutional reform. The detailed empirical discussion above has identified a number of specific lessons in terms of the institutional underpinnings that public agencies should attempt to pursue and that development partners would be well advised to support. Although our sample size is small, our robust methodology allows us to offer some additional operational lessons. We start by discussing how our findings help to provide evidence on a piece of relatively established conventional wisdom on institution building. Then we elaborate a series of more actionable lessons for FCS policy makers and their development partners.

#### *Designing Good Fit IS Best Practice*

Our research confirms that good-fit institutional strategies are essential, a point we are not alone in emphasizing.<sup>19</sup> Nevertheless, our work reveals a subtle point about institutional fit, in that it must be achieved



in two dimensions—micro-organizational strategies must be chosen and supported on the basis of their ultimate function, *and* they must be implemented in light of the macro-sociopolitical context in which public agencies are embedded. We have emphasized, in this regard, the importance of viewing institutional development and success as a nonlinear, dynamic, evolving process. The pathways to institutional success illustrate a self-reinforcing dynamic such that the causality between institutional repertoire and the sociopolitical context works both ways. Better understanding the history of institutions and how their makeup of individuals, programs, and policies has evolved is critical to designing better interventions and programs for institutional strengthening. A better grasp of how institutions forge domestic and external coalitions for change can also inform more comprehensive external support to aid those efforts.

A focus on institutional form is hence only warranted by context, never *ex ante*. Isomorphic mimicry can sometimes be positive in helping agencies to signal competence, but it should not be pushed beyond the pursuit of very specific functions. Normative approaches to best practice only make sense if they fit with the political economy context; and their implementation must be tailored to the existing capacity of agencies. In terms of the scripts of institutional reform, donor coordination is crucial—especially to mitigate fragmentary and contradictory advice—although many successful institutions take care of this themselves.

### *Suggestions for Policy Makers*

*Implement a Building-Block Strategy.* Public institutions, with the support of their development partners, should follow a building-block approach to developing their mandate that combines short- and long-term objective-setting on the basis of clearly defined targets. Agencies should focus on scoring early, monitorable, and reportable successes that can be used to generate further support, leverage resources, and build morale and momentum. Where possible, functions should be added in step with the development of the necessary capacity. Alternatively, institutions can outsource functions to NGOs or the private sector either temporarily or permanently, while focusing on providing the policy and regulatory framework, setting standards, monitoring outcomes, evaluating programs, and identifying course corrections.

*Emphasize Constant Learning and Use Evidence Wisely to Implement Course Corrections.* Institutions achieve and sustain success with an



emphasis on continuous organizational learning and evidence-based decision making. Information itself is not enough; the key is what is done with the information—how it is used to validate successful strategies, scale up experiments and pilots that have gone well, close down initiatives that have shown lesser results, and continuously correct the institution's course. Client surveys and feedback can be used to shape changes in service delivery goals and processes; and systems to collect basic and real-time data on service provision can be used to make incremental as well as more serious adjustments to reforms.

*Give Staff and Clients a Stake in the Institution's Success.* Often institutions and donors focus too much on the very top leadership of the agency and their connections with the outside world—and too little on building and encouraging leadership qualities in the broader management team that are more internally focused. Middle and senior managers can stymie otherwise well-designed reforms, or they can be essential in determining and successfully implementing an agency's mandate. Enabling some measure of autonomy in financial and human resource management is important, along with greater managerial flexibility to give them a stake in success. For technical staff and frontline service providers, a similar pride and stake in the organization can be cultivated through tangible performance incentives and more intangible corporate culture and practices.

Clients can be a potent source of political leverage for an institution, and yet they are often an overlooked stakeholder. Client participation and feedback is important for optimizing services, but also because social forces can be the most dramatic and supportive of stakeholders. How, then, can institutions better connect with their clients and mobilize this force? The act of closer communication with clients gives them a deeper stake in the institution's success and thereby builds a constituency for sustained change. A further step to empowering that constituency—and building broader state legitimacy in the eyes of society—is to integrate client consultation and participation into decision-making processes. If the essence of fragility is the disintegration of the state and social fabrics, then their mutual regeneration is a crucial element in overcoming it.

### *Reflections for Development Partners*

*Revisiting "Country Ownership."* Our research confirms the general consensus that donor support contributes to results when agency counterparts



are firmly in the driver's seat. Yet donors must be nuanced in “respecting country ownership.” The political landscape rarely produces unequivocal support for reforms, and agencies sometimes face considerable hostility and interference from political elites. In this context, donors can help to shape the immediate operating environment of an agency by helping it to connect to a broader set of stakeholders internally and abroad. In so doing, donors can help the institution buffer itself to some degree against unwanted political interference.

*Support Networks of Leaders.* We have highlighted the importance of the networks of leaders that ignite and sustain institutional success, usually heads of agencies and a cadre of managers and technical staff around them, sometimes reaching into the private and nongovernmental sectors. Donors can support these local networks by expanding their ability to connect across borders and learn from each other. Donors can reward effective leadership through initiatives like the Ibrahim Prize for Achievement in African Leadership and by offering other avenues for international recognition.

*Be in It for the Long Haul.* The one certain good that donors can provide to their counterparts is a greater degree of stability and continuity in programming and staffing, along with more hands-on and continued engagement from the donor side. Institution building is a dynamic, nonlinear process that moves in fits and starts and is often reversible. To embrace the reality of institutional change, development partners must be prepared to recognize these facts and work flexibly to add momentum to salutary change and help protect agencies against adverse change. Nimble, opportunistic pursuit of reform moments and champions has its place—but must be accompanied by sustained, incremental partnerships for long-term success and lasting change.

*There Is No Such Thing as a Blank Slate.* This study emphasizes, above all, that micro-institutional strategies must be consonant with the macro-sociopolitical context if organizations are to succeed. To state that donors must understand the political economy of reforms has become a truism; but the development community is still a long way from putting that wisdom in practice. The sine qua non of good program design is a deep and nuanced understanding of the sociopolitical context in which institutions are embedded, combined with an accurate assessment of organizational capacity, appreciating at least a measure of the historical trajectory



shaping both. Understanding who the leaders are in a sector within and outside the public agency and how they fit in the broader sociopolitical context is particularly important. For development assistance to work, it must be undertaken in the context of the particular conditions agencies face. One concrete way of thinking about this is that the three pathways to success articulated above suggest different opportunities and entry points for donors to act on in addition to the elements of support that will make sense no matter what. Furthermore, the specific methodology we have developed and employed in conducting this study serves as a concrete tool for undertaking adequate upstream due diligence and thereby maximizing the potential for donors to support institutional success in FCS.

## Conclusion

This volume describes how institutions in fragile and conflict-affected states succeed when they are able to construct strategies of deft internal management and astute external connections to negotiate the broader sociopolitical environment in which they are embedded. Successful institutions share a core institutional repertoire in so doing; and the agencies in our study display different patterns in the manner in which they connect these micro-organizational strategies to the broader macro-sociopolitical environment.

The comparative method employed in this study has enabled us to more systematically test some of the hypotheses and causal expectations that individual case studies and more theoretical scholarship have pointed to before. It offers the potential, as well, for further research to test, refine, and expand on our findings. Most of our cases studies concern central agencies and service delivery organizations. This work could usefully be complemented by an examination of success in other areas that are considered critical in FCS, such as security services and judicial institutions. A dedicated analysis of successful decentralization would also be useful. Another promising avenue for research would be to focus more narrowly on how development partners have specifically aided the agencies in our study, along with careful process-tracing of how significant those elements of support were in achieving success.

We have endeavored not to project successful sequences as necessarily being the product of a series of conscious choices—sometimes luck intervenes, in the form of a particular political moment. We have emphasized the importance of looking at institutional development as a long-term process.



Institutional success is a nonlinear and dynamic process; the governance puzzles that must be solved on the route to success evolve constantly and are sharper at some moments and more opaque at others. A better understanding of the context in which institutions are embedded, their own particular trajectory in connecting to that context, and the internal resources, human and otherwise, of those institutions is essential for designing better interventions and programs for institutional strengthening.

In presenting our findings, we believe that we have moved the study of institution building in FCS beyond the high-order contextual factors often analyzed, such as overarching questions of political stability and systemic institutional strength in cross-cutting governance functions such as public financial management or civil service capacity. Holding such factors constant in their often low equilibria, we still observe islands of success—such public institutions manage to operate successfully despite the overwhelming odds against them. Hence we see some institutional successes in otherwise stalemated or even highly conflictual political environments. We also see specific achievements in institution building even when systemic public sector capacity-building initiatives have stalled. Sometimes, as the agencies in our sample display, the success of individual institutions can even have a positive feedback effect on the broader (re)construction of state legitimacy and the institutional landscape.

## Notes

1. The study is intended to make a contribution to the broad dialogue on fragile state engagement; for example, OECD (2008); LSE et al. (2008); Jones et al. (2008); OECD (2010); ECDPM (2008); NORAD (2009); IPPG (2010); Cox and Hemon (2009).
2. Evans, Rueschemeyer, and Skocpol (1985); Migdal (1988).
3. Jones et al. (2008); World Bank (2012). See also Bates (2008); Hickey (2012); North et al. (2007); (North, Wallis, and Weingast (2009); Slater (2010); Vom Hau (2012); and Waldner (1999).
4. Some institutions are more likely to sustain good performance if they are accountable to multiple principals, such as a legislative body or to the public, particularly if these multiple channels of accountability offer agencies alternative tactical options. By contrast, if agencies are dependent on satisfying *all* of these multiple, competing principals, they can get tied up in process-oriented knots.
5. IPPG (2010); OECD (2010), World Bank (2011).

6. The World Bank's *Societal Dynamics and Fragility* study (World Bank 2012) examines these societal dimensions of fragility and state-building on the basis of detailed empirical work.
7. Mahoney and Thelen (2010) offer a complementary perspective on institutions as vehicles through which sociopolitical power is expressed and shaped.
8. In an important research agenda-setting piece, Leonard (2010) examines “pockets” of institutional effectiveness in countries with poor governance and weak administrative records. He reviews the literature on this subject to generate five meta-hypotheses—two of which are internal and three external—and discusses how they may interact.
9. On specificity, see also Hirschman (1967) and Wilson (1989).
10. A large institutionalist literature addresses the causes of isomorphism in organizations. See, in particular, Meyer and Rowan (1977), DiMaggio and Powell (1983), and Meyer et al. (1997). For an explicit treatment of institutional isomorphism in public sector agencies, see Frumkin and Galaskiewicz (2004). Pritchett and de Weijer (2010) also discuss institutional mimicry and its consequences for de jure form versus de facto function in building institutional capacity in fragile states.
11. Rodrik (2007) has emphasized the value and significance of focusing on institutional function, with locally rooted innovation, over institutional form.
12. World Bank (2011); IPPG (2010); Fukuyama (2004); and Pritchett and de Weijer (2010).
13. Barma (2011) and Barma, Huybens, and Viñuela (2012) detail the research design of the study, including a fuller definition of the outcomes studied, the process by which cases were selected, and the case-centered methodology.
14. See Lamb (2005), Weatherford (1992), and Bellina et al. (2009) on measuring legitimacy.
15. The notion of institutional capacity improving first in pockets and then more broadly fits with the notion that there is a “virtuous cycle” element to successful institution building whereby stronger institutions are better able to mediate internal and external stressors to stability, and also that enclaves of good governance can accrete to a dynamic process of institutional improvement. See, respectively, World Bank (2011) and North et al. (2007).
16. Lao PDR and The Gambia experienced stagnation and fragility during the 1990s, while Sierra Leone and Timor-Leste emerged from protracted conflicts in the early 2000s. Lao PDR and The Gambia graduated from the World Bank list of fragile situations in 2010 as their Country Policy and Institutional Assessment scores improved.
17. Case-centered methodological insights are adapted from George and Bennett (2005). Barma (2011) provides more details on the study's research design, including a discussion of the potential limitations of the research design and

- ways in which these were mitigated, along with the structured, focused inquiry comprising the case study guide.
18. Other cases might reveal additional pathways, but it is beyond the scope of this study to speculate on these.
  19. Grindle's (2004, 2007) concept of "good enough governance" is foundational on this point. See Pritchett, Woolcock, and Andrews (2013) for the most recent discussion of this issue; other citations are in the literature review above.

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