



Helpdesk Research Report

Problem-driven iterative approaches and wider governance reform

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Question

Identify evidence which suggests that problem-driven, iterative approaches to public sector reform can deliver more substantial, wider, long-term governance reform.

Contents

1. Overview
2. Introduction to problem-driven, iterative approaches
3. PDIA principle: Engaging a broad set of actors
4. PDIA principle: Creating an authorising environment
5. PDIA principle: Solving locally nominated and defined performance problems
6. PDIA principle: Tight feedback loops
7. References

1. Overview

A problem-driven, iterative approach to institutional reform involves (i) solving defined performance problems through (ii) creating an environment amenable to experimentation, (iii) creating tight feedback loops, and (iv) engaging a broad set of actors. Such an approach has recently been termed as PDIA (problem-driven iterative adaptation), with analysis suggesting that successful institutional reforms have mostly followed PDIA principles, though these may not have been acknowledged explicitly. The PDIA approach is based on solving a particular performance problem in a specific process. It is not clear whether actors who have undertaken PDIA-type institutional reform in one instance will be better able to undertake reform in another instance, or whether they can better address more significant governance reforms (e.g. overhauling civil service or public financial management systems). This helpdesk research report looks to identify material which suggests a link.

Research for this report could not find literature which specifically explores the impact of the adoption of PDIA approach in one instance on substantial, wider, long-term governance reform. Though there are now projects that explicitly include PDIA principles, these projects have not yet been evaluated. There is therefore no conclusive evidence that PDIA is more (or less) conducive to wider governance reforms. However, from past experiences and case studies, it may be possible to infer whether PDIA-type approaches have led, or could lead to, wider governance reform.

This report starts by introducing and exploring the concept of problem-driven, iterative approaches, and then looks at each of the four PDIA principles, and case study literature that can provide insights into whether PDIA could result in broader governance reform.

Key findings in relation to each of the four PDIA principles, from research for this report, are as follows:

- **Engaging a broad set of actors:** Literature on reform coalitions, policy networks and the convening (and brokering) of actors highlight the same issue: bringing actors together in sufficiently stable groups has been critical for governance reform. The stability of the groups is dependent on the reform issue in question, brokering efforts, and wider political and contextual factors. It is hypothesised (though not proven) that the formation of such groups can change mindsets in the long-term which could foster further reform.
- **Creating an authorising environment:** Creating an environment amenable to experimentation can involve tacit admission that a solution is unclear. It can involve ensuring the group is open to ideas, and not looking towards reaching a pre-determined institutional endpoint. Providing relevant and timely knowledge can help, and there may be a need to resource and organise meetings. Once such an 'authorising environment' is established, this could allow further reform, assuming the environment is maintained.
- **Solving locally nominated and defined performance problems:** There are a number of relevant tools which can be used to identify and define performance problems but local actors must solve local problems themselves. Appropriate diagnostic tools, once defined, may be useful for other governance reform.
- **Tight feedback loops:** Acknowledging and accepting failure, in a way that immediately changes how the reform process continues, can be an example of a tight feedback loop. Such feedback loops, once in place, can allow rapid learning and have been a key factor in a number of evolutionary processes in complex systems.

Key lessons for donors and external actors, identified in this report are:

- Be aware of the limited role that external actors can play in facilitating institutional change (but play these roles as effectively as possible).
- Identify and engage with key stakeholders.
- Invest in strengthening networks that have a strong reach from policymakers to the grassroots.
- Cultivate mobilisers – motivators, convenors and connectors.
- Establish long-term relationships which allow external actors to earn trust.
- Provide relevant and timely information to local reformers.

2. Introduction to problem-driven, iterative approaches

PDIA is not a 'technique' or 'method' as such, but a description of a set of principles, inferred from the observation of successes and failures across a variety of fields and disciplines including public financial management and public administration (Pritchett, expert comments). The concept of a problem-driven, iterative approach (PDIA) was first outlined in a Working Paper by Andrews, M., Pritchett, L. & Woolcock (2012) which proposes an approach based on four core principles:

- Solving locally nominated and defined problems in performance.
- Create an 'authorising environment' for decision-making that encourages positive deviance¹ and experimentation.
- Embedding experimentation in tight feedback loops that facilitate rapid experiential learning.
- Actively engaging broad sets of agents to ensure that reforms are viable, legitimate, relevant, and supportable.

In terms of the role of external actors in the PDIA approach, Andrews (2013a) argues that to influence institutional reforms external actors should (p. 193-194):

- Establish broad-based engagement.
- Cultivate mobilisers – motivators, convenors and connectors.
- Be aware of the limited role they can play in facilitating institutional change and play these roles as effectively as possible.

The PDIA approach is problem-centred and differs from a 'solution and leader-driven change' (SLDC) approach. SLDC is where solutions are fully identified up-front and a champion drives the process with a best practice solution. Andrews (2013b) notes that the SLDC approach has value and could work when reforms are more technical and do not demand contextual fit, but that PDIA provides a "wider path to positive deviance" (2013b, abstract).

PDIA is a recently popularised term and there are some examples of projects which have been designed explicitly around PDIA principles. For example, the Australian Department of Foreign Affairs and Trade Pacific Leadership Program (PLP) and the Timor Leste Governance for Development Program have been designed with explicit reference to the PDIA approach and with 'theories of change' that incorporate the concept (Hogg, expert comments). The PLP team undertook a workshop of the approach with some of their partners, with assistance from those with expertise in PDIA. Also, the next generation of Papua New Guinea programmes will be designed with PDIA in mind. However, these programmes are too early in their implementation to be able to assess whether they have directly contributed to wider, long-term governance reforms (ibid).

As PDIA is a new term it has been difficult to identify evidence which demonstrates the longer term impact of PDIA. Experts consulted for this report have commented that there is no conclusive evidence that the PDIA approach to public sector reform does (or does not) deliver more substantial, wider, long-term governance reform (Manning, expert comments; Batley, expert comments). Hogg (expert comments) argues that the concept of 'thinking and working politically', popularised by the Development Leadership

¹ 'Positive Deviance' is an approach to behavioural and social change based on the observation that in any community, there are people whose uncommon but successful behaviours or strategies enable them to find better solutions to a problem than their peers, despite facing similar challenges and having no extra resources or knowledge than their peers. Source: Wikipedia http://en.wikipedia.org/wiki/Positive_deviance

Program (e.g. Leftwich, 2011); the Asia Foundation idea of ‘development entrepreneurship’ (e.g. Faustino, 2012); and the notion of ‘policy dialogue’, are implicitly incorporated into the broad concept of PDIA approach.

3. PDIA principle: Engaging a broad set of actors

There is a range of literature which deals with engaging with a broad set of agents. This report explores three (overlapping) areas which seem particularly relevant: reform coalitions; policy networks; and the emerging work on convening and brokering.

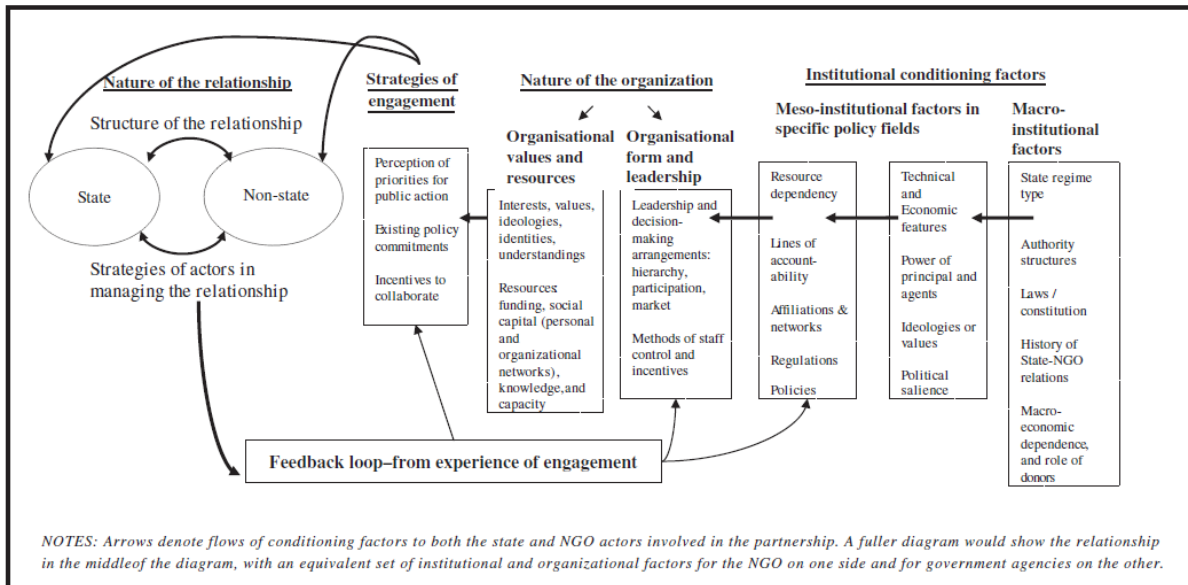
3.1 Reform coalitions

In an analysis of social sector reform case studies in the Philippines, Fabella, R., Faustino, J., Leftwich, A. & Parker, A. (2014) conclude that in each of the successful reform cases studied, there were strong bonds between civil society reformers and groups within government that were critical for success. The authors note that there is a growing literature of the importance of coalitions and networks in achieving reform and conclude from these case studies that effective coalitions and networks are essential to reform (Fabella et al., 2014). In terms of how these coalitions work, the authors conclude that policy advocacy that is supported by visible coalitions and networks command more attention than those being advocated by single organisations only. Coalition members can call on the existing structure, resources, and networks to create the impression of a mass movement, and sustain lobbying. At the same time the authors also note that the broader the coalition, the more diverse the interests that have to be placated, and the more compromises need to be struck. These coalitions have been resilient enough to overcome internal disagreements arising from the broad, diverse nature of the coalitions’ membership suggesting they may be resilient in the future in regards to further reform. That may depend on the issue in question and the interests and incentives of members at the time.

Peiffer (2012) conceptualises ‘reform coalitions’ as a political mechanism and process that enables actors to work cooperatively to address specific collective action problems. These are state and market problems and the mechanism can be formal or informal. Peiffer’s (2012) definition relates to a coalition between government and private actors for growth. Alternatively, Fabella et al.’s (2014) definition relates to a coalition between government and civil society to affect social policy. Peiffer (2012) notes that reform coalitions are frequently cited as being important components in successful and sustained growth outcomes. However, establishing a causal link between a reform coalition and adopted economic reforms represents a significant challenge to researchers. In terms of the continuity of reform coalitions, Peiffer (2012) argues that reform coalitions may live a short life due to a failure of the coalition to adequately address a specific problem, reconcile differences between members, and/or when commitment to the coalition is weak or shifts from one or more sides (i.e. state elites or business). Without a certain degree of institutionalisation, reform coalition organisation is more difficult to maintain in the long run. This is likely to impact on the future feasibility of reforms.

In terms of how these coalitions and networks are institutionalised, Batley (expert comments) argues that reform processes can impact on the (informal) normative and cultural-cognitive elements which can institutionalise these mindsets. Figure 1 outlines a hypothesised casual chain of influence of a coalition, in this case between non-governmental service providers and governments.

Figure 1: Hypothetical causal chain of influences in understanding collaboration between non-governmental service providers and governments



Source: (Batley & Rose, 2011)

Andrews (expert comments) suggests that governments learn about identifying and solving problems of one type, and then can take the same approach (not the solution), and the networks and learning, to other problems and solve these in the same way. It may well be that the process of ‘muddling through’ in PDIA establishes coalitions and enhances skills which are transferred over to a different problem and context. This is one hypothetical pathway in which a PDIA approach can allow wider governance reform.

3.2 Policy networks

Unsworth (2010) draws attention to the policy networks around public services. Based on case studies from Brazil, Mexico and India, Unsworth (2010) finds that the configuration of formal and informal networks across the public-private divide is what is most influential in understanding the effectiveness of policy networks, rather than the personality characteristics of key individuals. Protecting civil society autonomy is not the answer but instead a form of ‘embedded autonomy’ was critical to success, where broad-based alliances brought together a range of key actors around common interests in reform. Different types of public sector reform can influence the opportunities for collective actors to shape policy and organise effective monitoring of service delivery. This suggests that in addition to the durability of the coalition to enact further reforms, the types of reforms will affect the opportunity for networks and coalitions to provide influence. The general durability of these networks and coalitions beyond the reform issue does not seem to be assessed in this report, though the author notes that where coalitions are tied to political parties, the strength of these networks and coalitions can fluctuate with them.

In terms of the role of external actors, Unsworth (2010) suggests that donors invest in strengthening networks that have a strong vertical reach (i.e. from policymakers to the grassroots), and play a role in facilitating local dialogue and debate.

3.3 Convening and brokering

In terms of the role external actors can play in creating networks, Green (2013) highlights Oxfam's role in Tajikistan. This convening and brokering project helped bring stakeholders together to build trust and work on issues together, in this case on water and sanitation. This project helped set up an Interministerial Co-ordination Council (IMCC) and a wider network of actors. Oxfam's project facilitates the meetings and helps the chair, in this case the Minister of Water. The network is made up of a minimum of 55 people from different sectors – 17 government ministries and agencies, UN agencies, international NGOs, academia, the media, Tajiki civil society organisations, the private sector and parliament. This approach has led to an emerging set of public policy and partnership initiatives. One of the key lessons from the study for external actors are that in the role as convenor or broker, Oxfam greatly benefited from its established credibility and knowledge but also their 'international brand'. Oxfam also benefited from not being vulnerable to political pressure in the same way a local NGO might be. Facilitation and support of the network meant speaking with, and addressing concerns, of each member organisation separately and in some cases individuals inside the member organisation.

In regards to conceptualising how best to play a role in creating these, Oxfam (2014) highlights the importance of a 'leveraging approach' which involves systematically strengthening networks at all levels. The paper outlines the need to know people and earn their trust which means being part of a complex, interdependent and dynamic web of relationships. Such networks may include government departments, specialist INGOs, local networks, local NGOs, private sector businesses, high profile figures, academic institutions and, community members and leaders. One way of leveraging it is through convening and brokering as happened in the Tajikistan Water Supply and Sanitation case (Oxfam 2014).

In an assessment of an accountability programme in Malawi, Wild and Harris (2011) argue that in addition to facilitating collaborative spaces, the provision of information has been important, but more so has been the process of identifying who the key stakeholders. The key stakeholders are then brought together to devise joint action plans to tackle problems, and to follow up on them. The authors argue that programme also 'reignited' communities' own capacity for self-help alongside encouraging greater state responsiveness" (Wild & Harris, 2011, p. 5). Though the study was not able to identify this, the authors argue that forms of collective action at the local level can interact with more systemic change and this may over time lead to changed incentives and mindsets which in turn can lead to longer term changes (Wild & Harris, 2011). This change in incentives and mindsets may create an environment more amenable to reform but this is not clear from the paper.

4. PDIA principle: Creating an authorising environment

Key conclusions from Oxfam's convening and brokering project on water and sanitation in Tajikistan (see above) include: adopting an open approach, admitting that the solution is not clear and it is best to work together to find one; and providing good research and 'killer facts' (Green, 2013). An example of 'killer facts' can be related to providing information on existing but overlooked legislation. In this case it allowed the group to synergise and build on existing legislation and projects, rather than starting from scratch. Such factors are likely to have helped produce an authorising environment that would encourage positive deviance and experimentation. Once the open approach and the capacity to provide research has been established, these conditions could mean that further reform would remain possible, though this is unclear from the study.

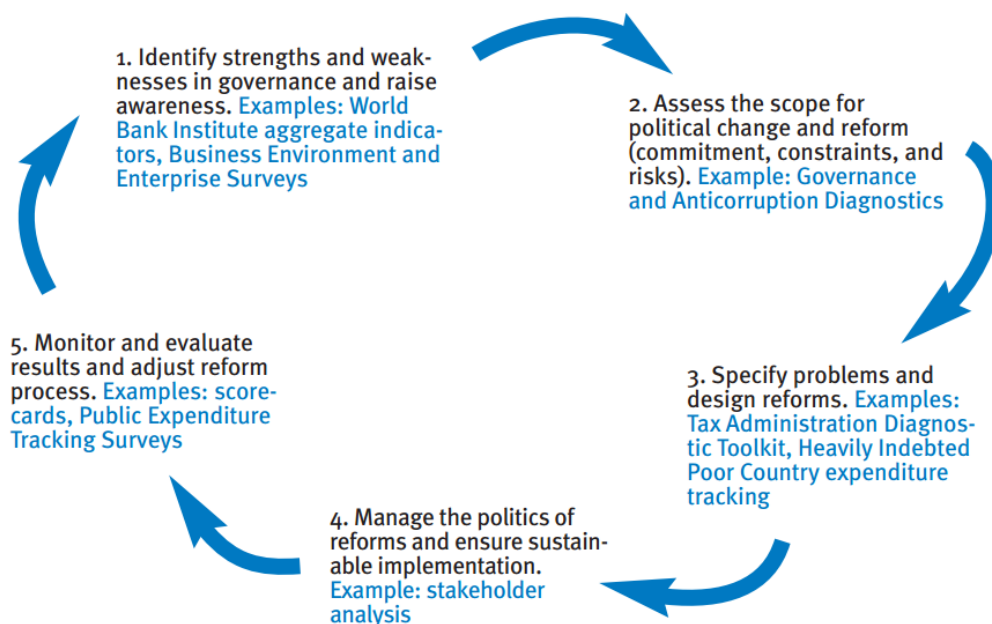
In an analysis of an accountability programme in Malawi, Wild and Harris (2011) conclude that its success was attributable to facilitating collaborative spaces or forms of collective problem solving by actors across the supply and demand side. The programme used a mixture of citizen report cards, community monitoring and social audits to assess service user satisfaction and community meetings to discuss the performance of public services in the education, agriculture, health, and water and sanitation sectors.

In a study looking at how Somaliland managed to maintain peace and build core political and governance institutions, Philipps (2013) concludes that a key factor was that Somalilanders were not pressured to accept ‘template’ political institutions from outside. They could negotiate their own locally devised, and locally legitimate, institutional arrangements. There was sufficient time and political space for solutions to evolve, rather than an attempt to impose pre-determined institutional end points. This could be an example of an authorising environment which allowed progress in building governance institutions. Whether this authorising environment will continue is unclear. A key factor that allowed this environment was the absence of external actor influence, including external funding. This is mainly because Somaliland is not recognised as a state. External actors, and external funding, may become a factor, especially if Somaliland is recognised as a state and this may create an environment less amenable to further reform.

5. PDIA principle: Solving locally nominated and defined performance problems

Contextual factors would mean there is unlikely to be literature applicable to solving all local governance problems. Instead local actors must solve local problems themselves. There is, however, quite substantial literature on identifying and defining performance problems. For example, figure 2 which outlines the five phases of the Public Sector Governance Reform Cycle, includes phase 3 of specifying problems and design reforms, and suggested tools (Wilhelm & Kushnarova, 2004).

Figure 2: The five phases of the Public Sector Governance Reform Cycle



Source: Wilhelm & Kushnarova (2004)

The note highlights a number of potential tools such as the Tax Administration Diagnostic Toolkit and the Diagnostic Framework for Revenue Administration (Wilhelm & Kushnarova, 2004). The Tax Administration Diagnostic Toolkit was developed to uncover the most critical tax administration deficiencies and constraints so as to improve fiscal reform. The Diagnostic Framework for Revenue Administration involves a comprehensive analysis of revenue administration, evaluating systemic functions and illustrating common problems and possible solutions.

Another example is the World Bank's Actionable Governance Indicators². Actionable governance indicators (AGIs) focus on specific and narrowly-defined aspects of governance, rather than broad dimensions. These indicators are clearly defined, providing information on the discrete elements of governance reforms. World Bank (2014) argues that such data should, in the medium term, facilitate better empirical analysis of what features contribute most significantly to the performance of those governance systems.

Such tools can be useful for identifying a number of performance problems. Once an appropriate tool has been identified for a governance area it may be that this tool will be useful in relation to multiple problems, and therefore assist in wider governance reform.

6. PDIA principle: Tight feedback loops

In a presentation on what development policy can learn from evolution, Owen Barder argues that "As change-makers we should not try to design a better world. We should make better feedback loops" (Barder, 2010). Whittle (2013) argues that promoting strong and timely feedback loops is key to making aid, philanthropy, and government initiatives more effective. Knowing how well implementation is proceeding allows midcourse corrections instead of relying on costly evaluations that come too late.

A number of other theorists also argue for better feedback loops. This often relates to an argument for more evolutionary processes of programme design, often based on complexity thinking. In a paper that looks at the application of complexity science and thinking for development and humanitarian efforts, Ramalingam, B., Jones, H., Reba, T., & Young, J. (2008) highlight the Drivers of Change approach. The authors argue it is a notable approach for complex systems in that helps understand the constant interaction and feedback mechanisms between economic, social and political factors which can variously enable and inhibit change.

A conclusion from the Oxfam Tajikistan Water and Sanitation study was that acknowledging failure publicly helped create the basis for a coalition to find new solutions (Green 2013). This may well be an example of a tight feedback loop, and one that would allow learning.

² For further information on World Bank Actionable Governance Indicators (AGI) see AGI Data Portal: <https://www.agidata.org/Site/Default.aspx>

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