The Folk and the Formula: Fact and Fiction in Development

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Helsinki
Lant Pritchett
Senior Fellow, Center Global Development and
Professor, Harvard Kennedy School (on leave)

Here is one horse

Here are two horses

Sometimes we all know what we are talking about...

This is a "Behavioral Health Institute"

Is it what it says it is?

– What is "behavioral health"?
– What is an "institute"?
– (and if they really do care why do they feel they have to say so?)

THE NEW MEXICO
Behavioral
Health Institute
AT LAS VEGAS

We Care

Sometimes we don't…

This is a Google street view of part of the "Behavioral Health Institute"

Fact and Fiction

- Why does it have barbed wire coiled on the top of a tall fence?

- Why is there a double fenced single entry locked gate?

- Why did a law enforcement officer threaten to arrest me—in New Mexico USA—for taking a picture just like this one?

- Oh, I get it,

State power creates administrative facts—it is what they say it is, even—and perhaps especially-when it isn't

– Drivers' licenses in Delhi

– Attendance of ANMs in Rajasthan

– Financial Management in Africa

– Rice allocation in Indonesia

A joke and four stories

- "State capability for policy implementation" measures the degree to which the state can systematically induce agents in organizations (public, quasi, or private) to implement state determine policy

- Many countries in the world have extremely weak state capability—hence administrative fact is complete fiction

- "Accelerated modernization through transplantation" has failed to deliver state capability

- Strategies to build capability from failure are even harder than building from scratch

- A new approach to building state capability—reconnecting the "folk" practices (inside and outside organizations) to the "formula" of government

A roadmap to the presentation…

- Capability is "can you get stuff done?"

- Most states in the world can't do stuff, but say they do anyway, so fact is fiction

- If capability were really coming to the party it would be here by now

- The second jump across the chasm is much harder than the first jump because on the second jump you cannot jump because you are at the bottom and your legs are broken.

- Success builds capability (and not vice versa) so to build capability, solve problems.

A pithier roadmap to the presentation...
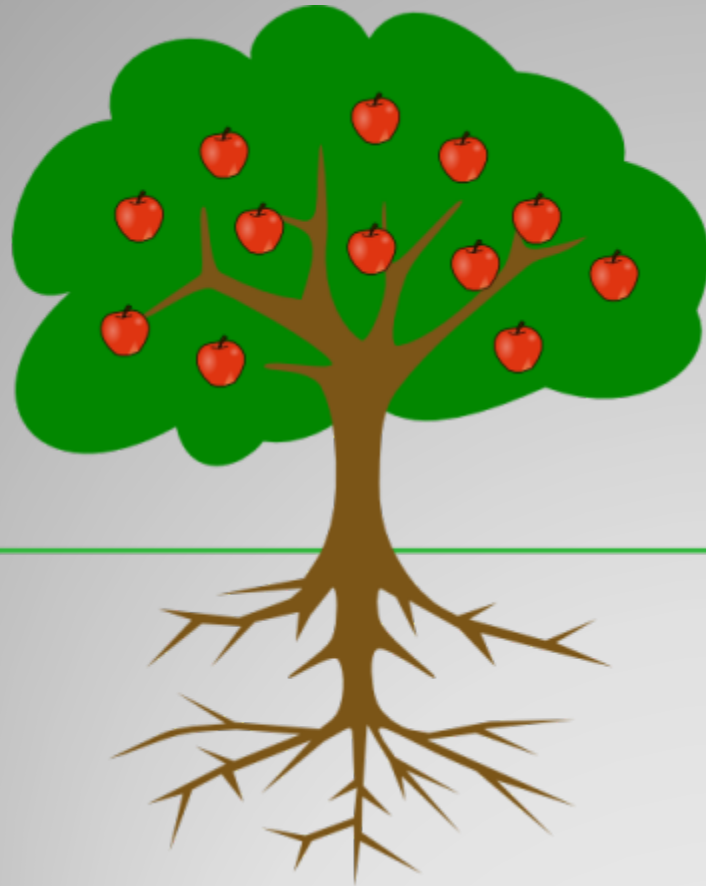
- Trees are intended to produce fruit

- Some are not producing fruit

- Transplantation of trees with inadequate roots has not worked to create an orchard

- Once a tree is dead getting fruit is hard but it still takes up space in the orchard

- Trees have to have generate root systems to produce fruit

A roadmap to the presentation in a single metaphor (folk is the roots, formal is the tree)

Section I:
Capability is: Can you get stuff done?

A *policy formula* is a *mapping* from factual conditions about the world (domain) to actions by an authorized agent of the state (range) that has intended outputs leading to outcomes
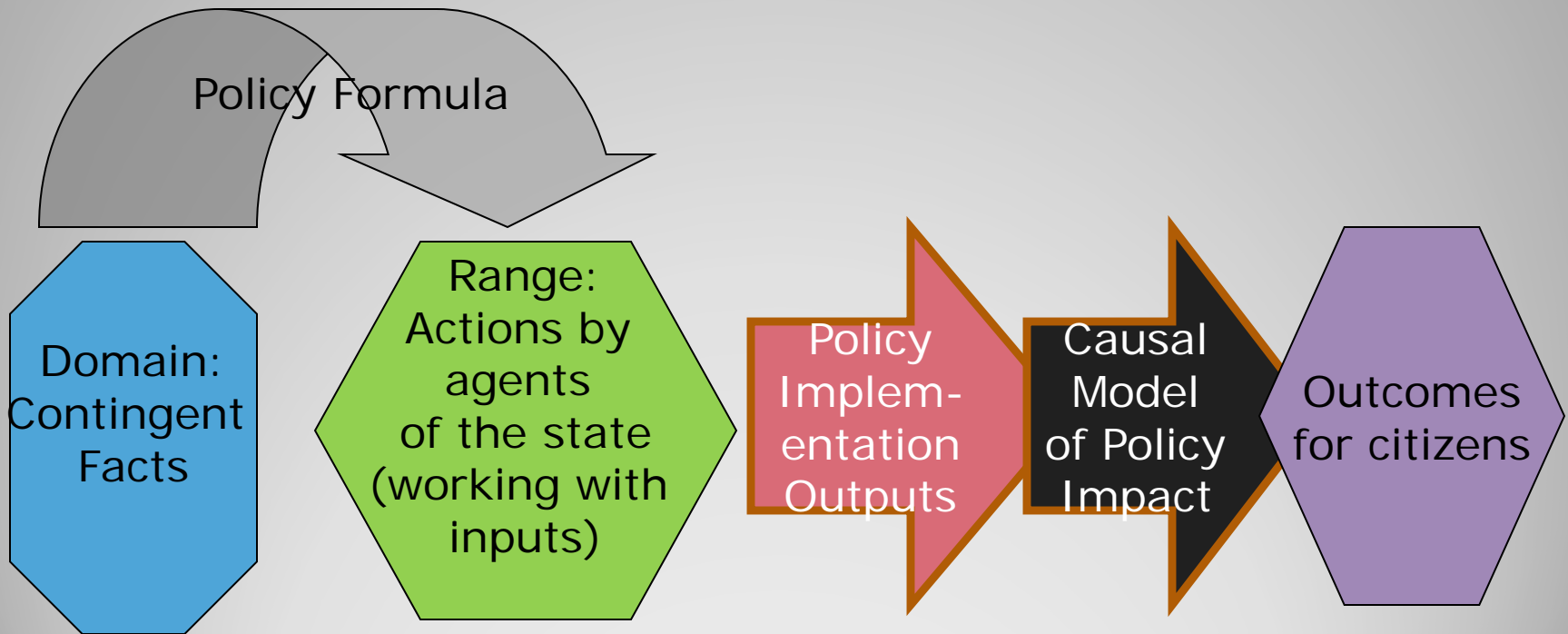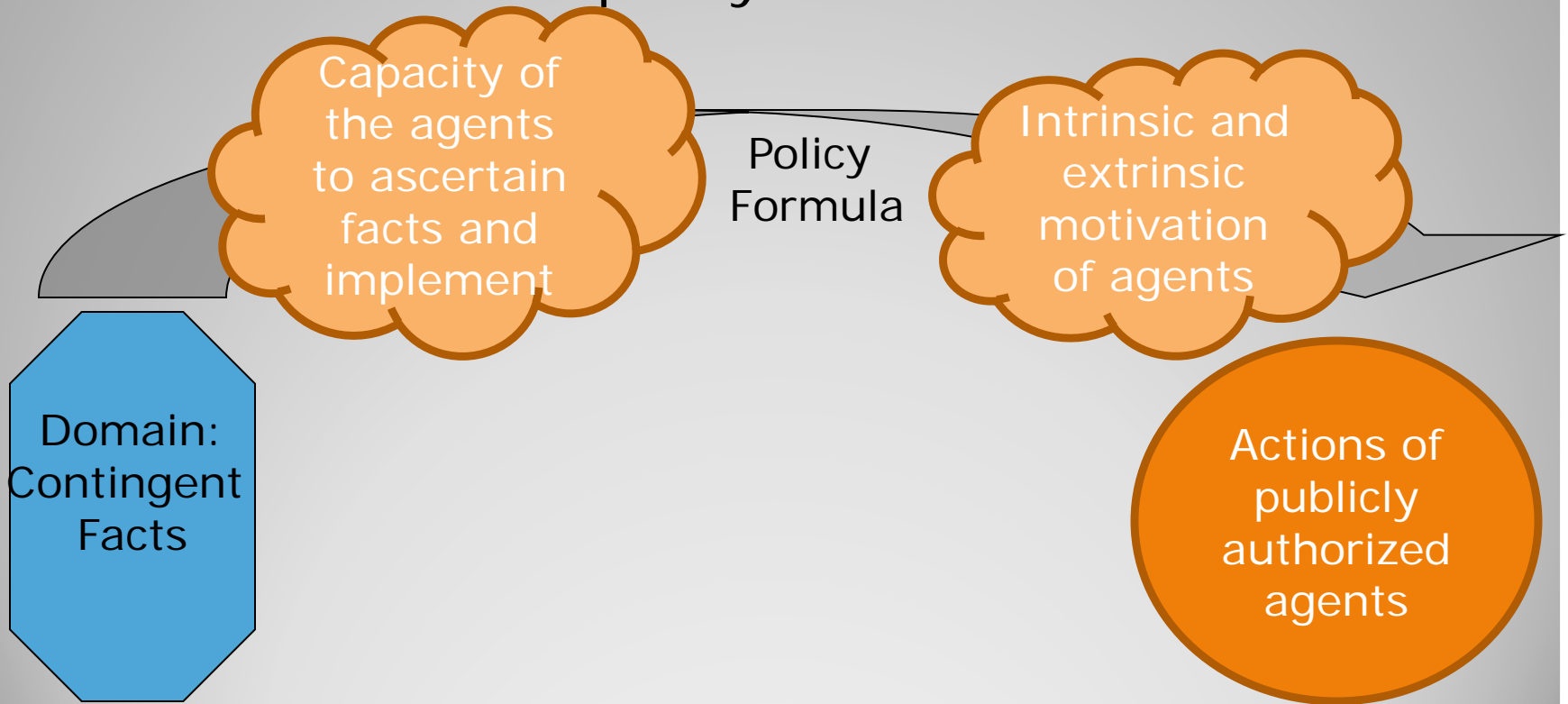
Policy Formula

Domain: Contingent Facts

Range: Actions by agents of the state (working with inputs)

Policy Implem- entation Outputs

Causal Model of Policy Impact

Outcomes for citizens

Table 1: Illustrations of elements of policy formula from "states of the world" to "actions by an agent" using the five stories above – Domain, Range and Citizen Outcomes.			
Example	Relevant empirically contingent facts (**Domain** of policy formula)	Action specified by policy formula (**Range** of policy formula)	Expressed policy **objective**(s)
Delhi Drivers Licenses	Can the license applicant safely operate a motor vehicle?	If yes, grant the license. If no, reject.	Limit the number of unsafe drivers on the streets to promote traffic safety.
Auxiliary Nurse Midwives in Rajasthan	Is it my shift time on a "clinic day"?	Be physically present at specified times	Promote the health (particular of women and children)
Subsidized rice program (OPK) in Indonesia	Is the household on the eligibility list?	Sell the allotted ration of rice at the subsidized price to eligible households	Mitigate the consequences of the crisis on the poor.
Computerized procurement procedures in M	Has expenditure followed the proscribed process of bidding?	Disburse against appropriate claims	Use public resources well.

Agents of organizations responsible for policy implementation are (usually) human beings and make choices influenced by lots of things besides the policy formula

Capacity of the agents to ascertain facts and implement

Policy Formula

Intrinsic and extrinsic motivation of agents

Domain: Contingent Facts

Actions of publicly authorized agents

Three benefits of the abstraction of "policy formula" as mapping?

1. Measuring "state capability" in some spaces requires being able to match actions of agents to facts—which is precisely what organizations prevent

2. Organizations with weak capability declare the facts to be what they want to rationalize the action they took—so administrative facts are a kind of fiction (section II)

3. The analytical character of the "facts" on which policy implementation needs to act is key to organization design
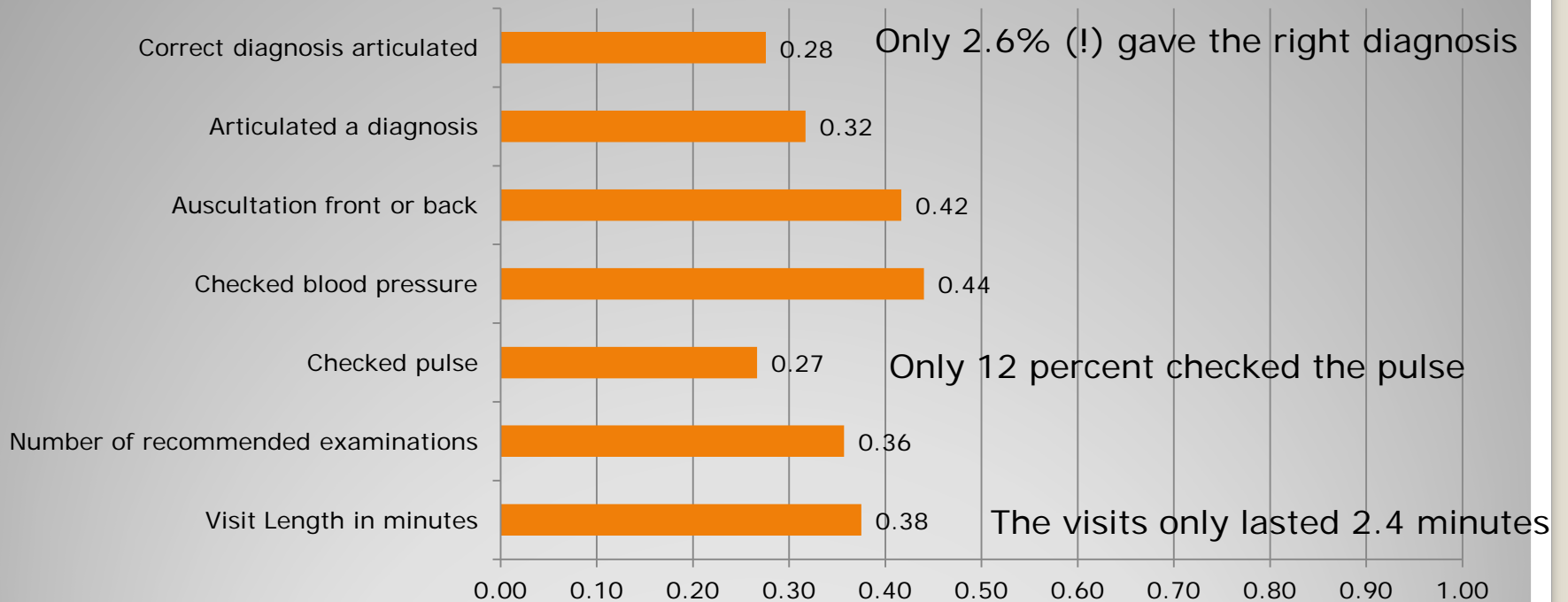
	Actions by agents	**Outputs (service delivery or imposition of obligations)**	**Outcome for Client/citizens (well-being and/or satisfaction)**
Ideal	Agents do the best possible thing	Best outcome, conditional on resources	Best possible
Policy Compliant	Agents do what is dictated by formula	Output if formula is followed	Outcome conditional on output
Actual (can be above or below policy compliant)	Agents choose	Actual output when agents choose	Citizens both (a) influence and (b) cope with agent choices
Zero	No agents	No state organization	Same as if no state organization existed
Worse than nothing	Agents use power to extract	Coercion or rent extraction	Worse off than with no state

Spaces in which capability is measured

Levels of capab-ility

– The ideal action of the doctor depends on the facts about the patient—so one would not just need to observe what the doctor did but know whether what he did was the right thing, given the facts (including whether he/she generated the right facts)

– While some actions are not "contingent" (e.g. being in attendance, not taking a bribe) and some are pure process (e.g. were three bids solicited) others require expertise to know if the right action was taken to assess capability

What would you need to measure actual capability of a doctor in a curative care clinic?

Average public clinic doctor responses to study (test) patients presenting with symptoms of ashma, as proportion of responses by private providers (of all types)

Category	Value
Correct diagnosis articulated	0.28
Articulated a diagnosis	0.32
Auscultation front or back	0.42
Checked blood pressure	0.44
Checked pulse	0.27
Number of recommended examinations	0.36
Visit Length in minutes	0.38

Only 2.6% (!) gave the right diagnosis

Only 12 percent checked the pulse

The visits only lasted 2.4 minutes

The capability of the public clinics in Rural Madhya Pradesh (India) is much less than it appears because doctors don't do what they *should* do and *could* do

Section II:
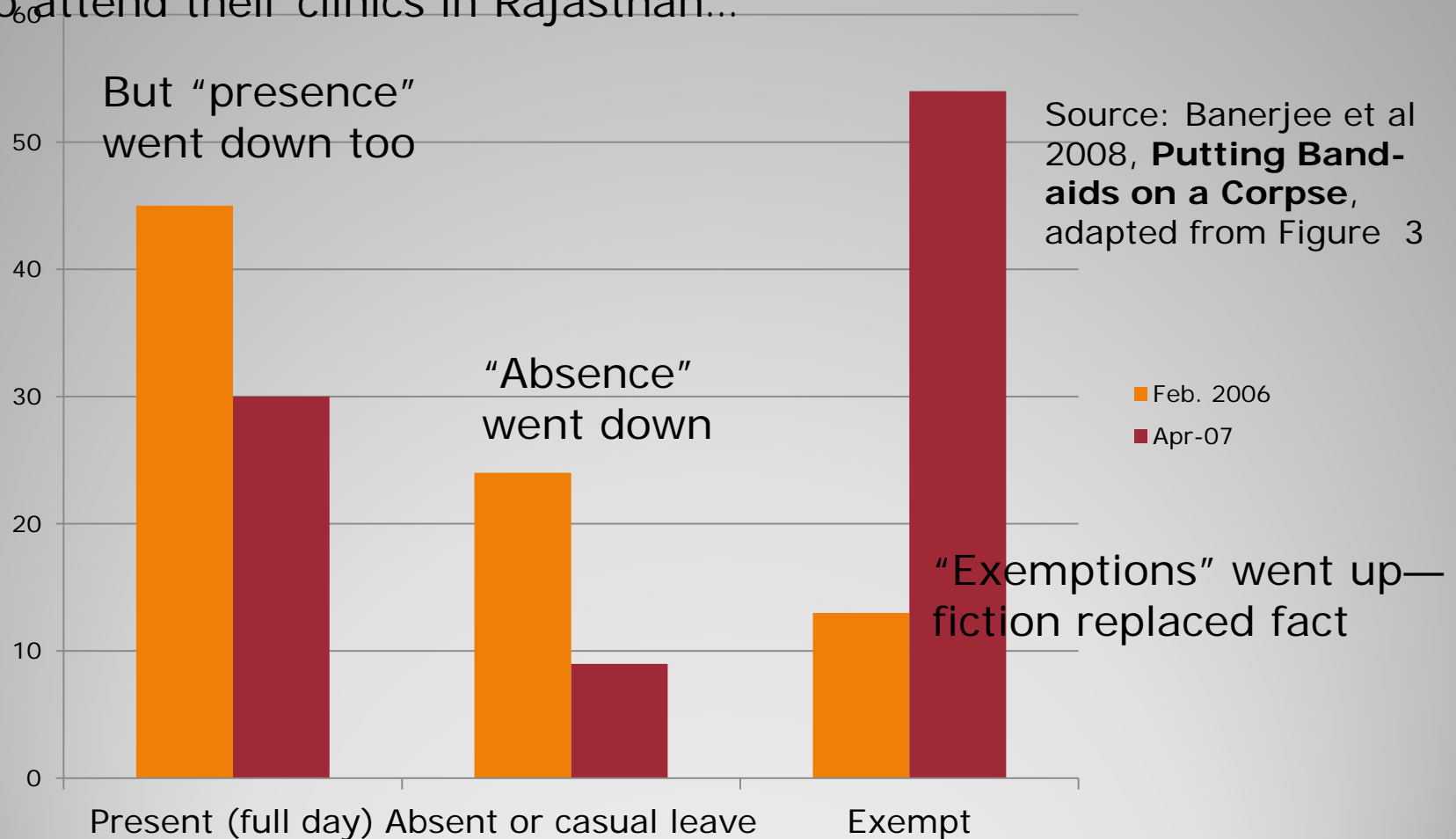# With Weak Implementation Administrative Fact is Fiction

– In the process of policy implementation very often the same organization both declares the "facts" (e.g. who passed the driver's license exam, who is eligible for rice) and the "action" (who gets the rice)

– This creates a powerful incentive to make the two match by changing the facts to fit the action (e.g. either reporting that those who got the license took the test or that those who were eligible got the rice)

Organizations declare the facts to be what they want them to be

– Nurses in Rajasthan, India

– Taxation in Cameroon

– Comparing legal and reported compliance times for regulation across countries

Three examples of "administrative fact" as fiction

During the course of the field experiment to motivate nurses to attend their clinics in Rajasthan...
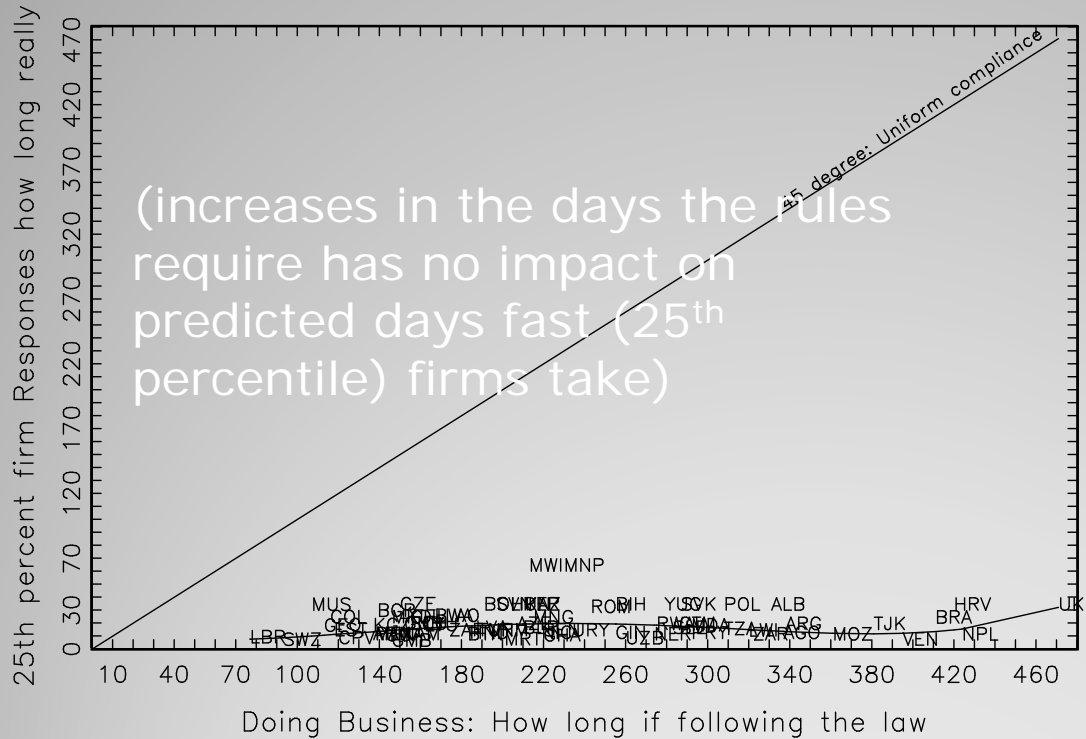
But "presence" went down too

"Absence" went down

Source: Banerjee et al 2008, **Putting Band-aids on a Corpse**, adapted from Figure 3

- Feb. 2006
- Apr-07

"Exemptions" went up—fiction replaced fact

Present (full day)   Absent or casual leave   Exempt

Trying to change the facts changed the fiction

A study of tax paying among firms in Cameroon found that among medium sized firms…
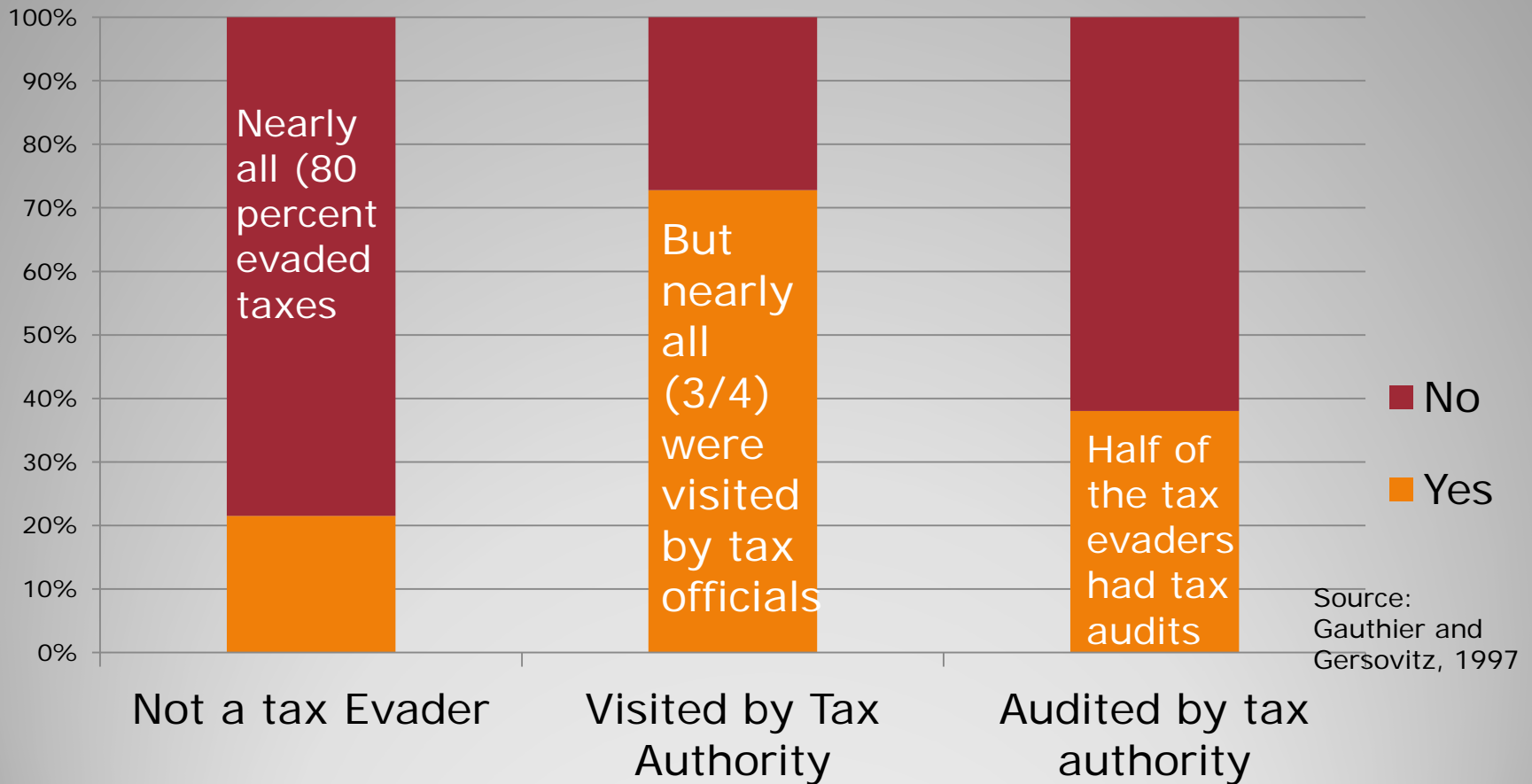
Firms that don't pay taxes do pay tax officials—they are in the tax net but pass through the holes

For my friends, anything…

Doing Business days versus reported days of 25th percentile: Construction Permit

(increases in the days the rules require has no impact on predicted days fast (25th percentile) firms take)

	DB days	Days for fast firms
Bolivia	191	30
Guate-mala	286	15
Brazil	411	20

With weak capability for enforcement the rules don't really matter—it is a deals world

Source: Based on Hallward-Driemeier and Pritchett (2011), Hallward-Driemeier, Kuhn-Jush, and Pritchett (2010)

Doing Business days versus reported days of 90th percentile: Construction Permit
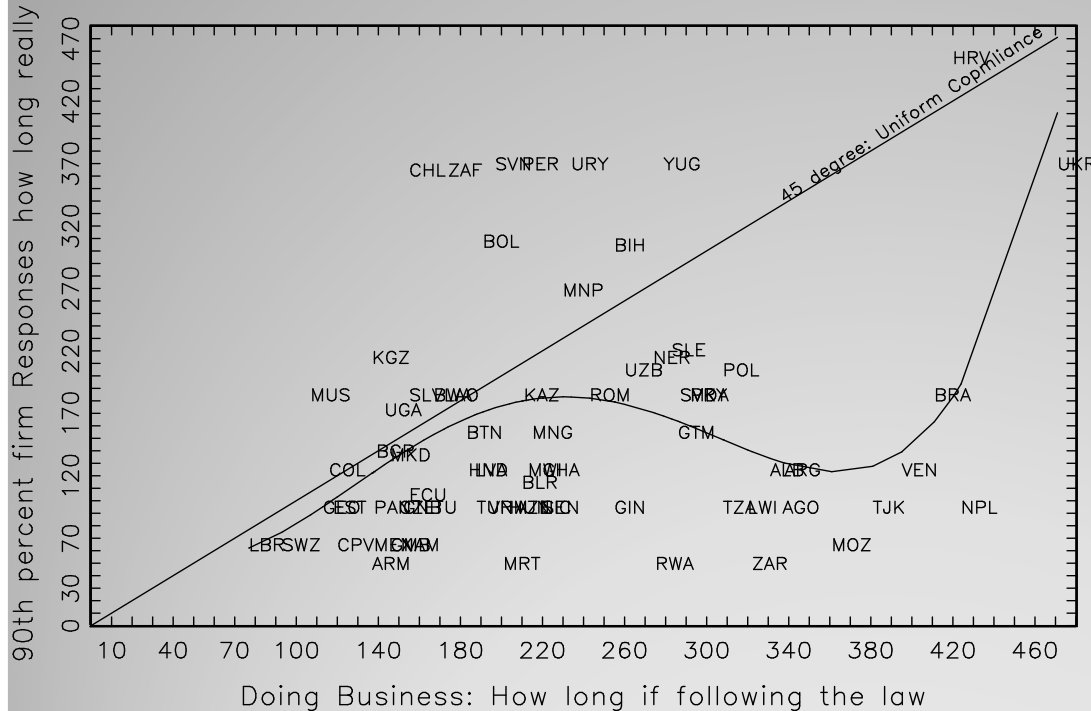
For my enemies, the law.

	DB days	Days for slow firms
Bolivia	191	303
Guate-mala	286	150
Brazil	411	180

With weak capability for enforcement the rules don't really matter—it is a deals world

Source: Based on Hallward-Driemeier and Pritchett (2011), Hallward-Driemeier, Kuhn-Jush, and Pritchett (2010)

Section III:
If state capability were coming to the party it would be here by now

The very word "development" implies a natural progression
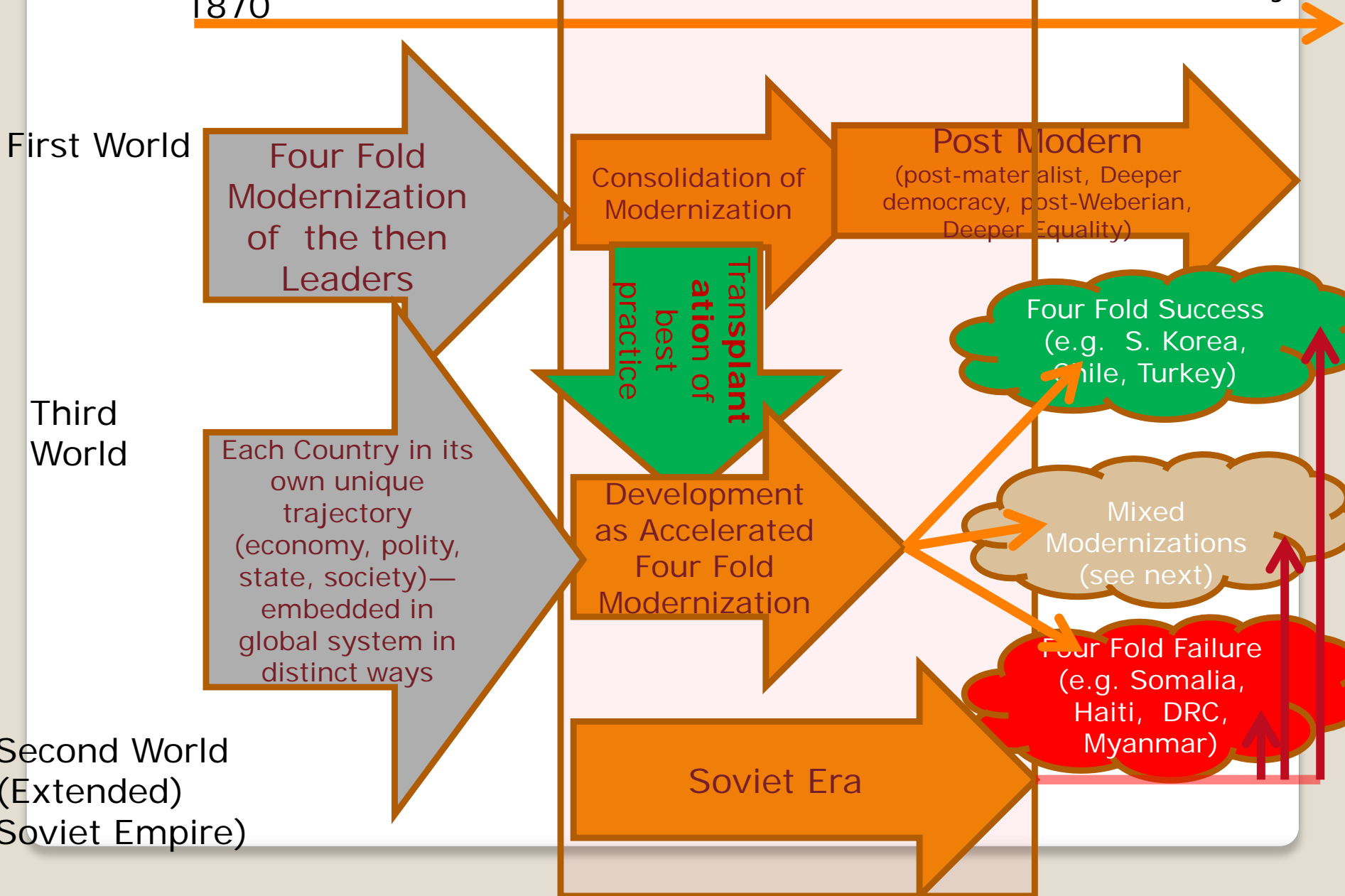
The idea of "accelerated modernization": it is easier to catch up than lead

- You don't have to "reinvent the wheel"

- There are models of demonstrated success from which you can learn

- Adopting a proven idea is easier than having to innovate a new one

Strong, capable and willing

Capable and willing

Capable, but stubborn

Not domesticated
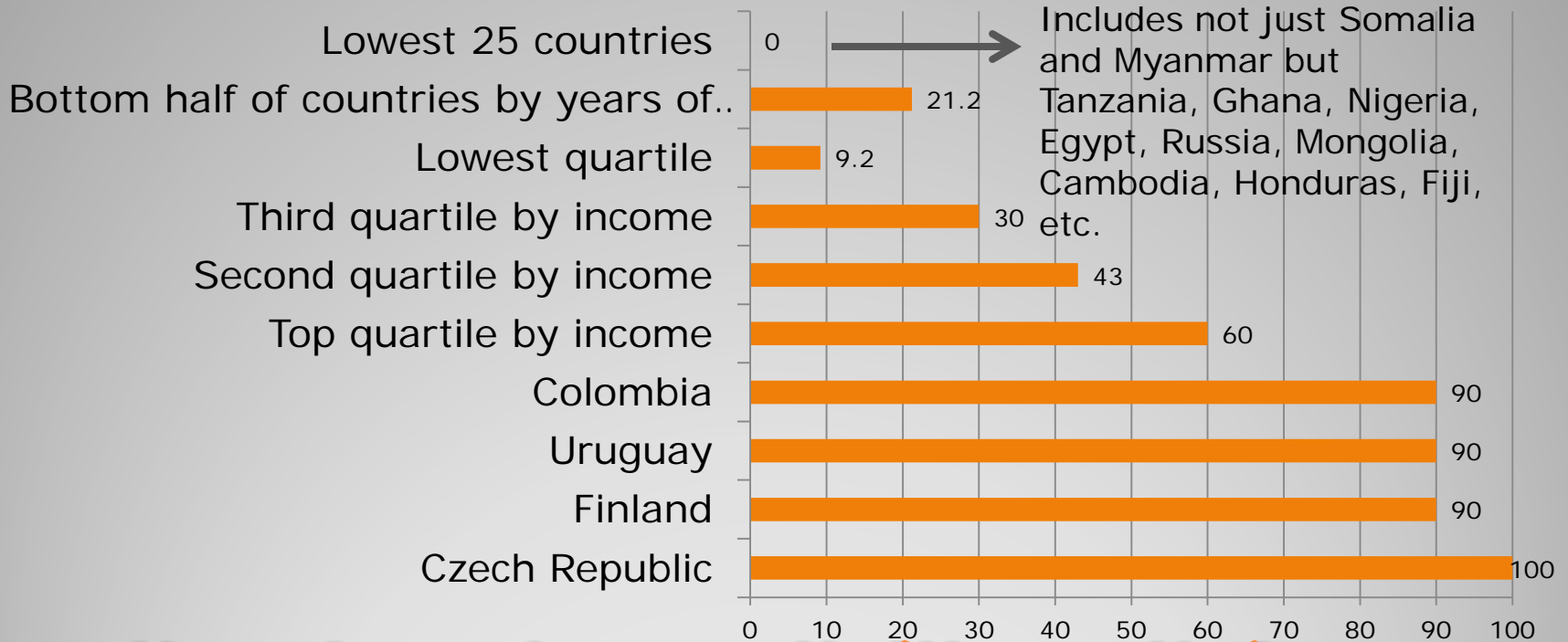
Cute, but tiny

What is the real capability for implementation of your nation-state today?

Not really a horse at all

Percent of 10 misaddressed letters coming back to USA within 90 days

Lowest 25 countries — 0

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

Bottom half of countries by years of.. — 21.2

Lowest quartile — 9.2

Third quartile by income — 30

Second quartile by income — 43

Top quartile by income — 60

Colombia — 90

Uruguay — 90

Finland — 90

Czech Republic — 100

(x-axis: 0 10 20 30 40 50 60 70 80 90 100)

Delivering the mail (literally)— tested effectiveness of post offices in 157 countries

Source: Chong, et al (2012)
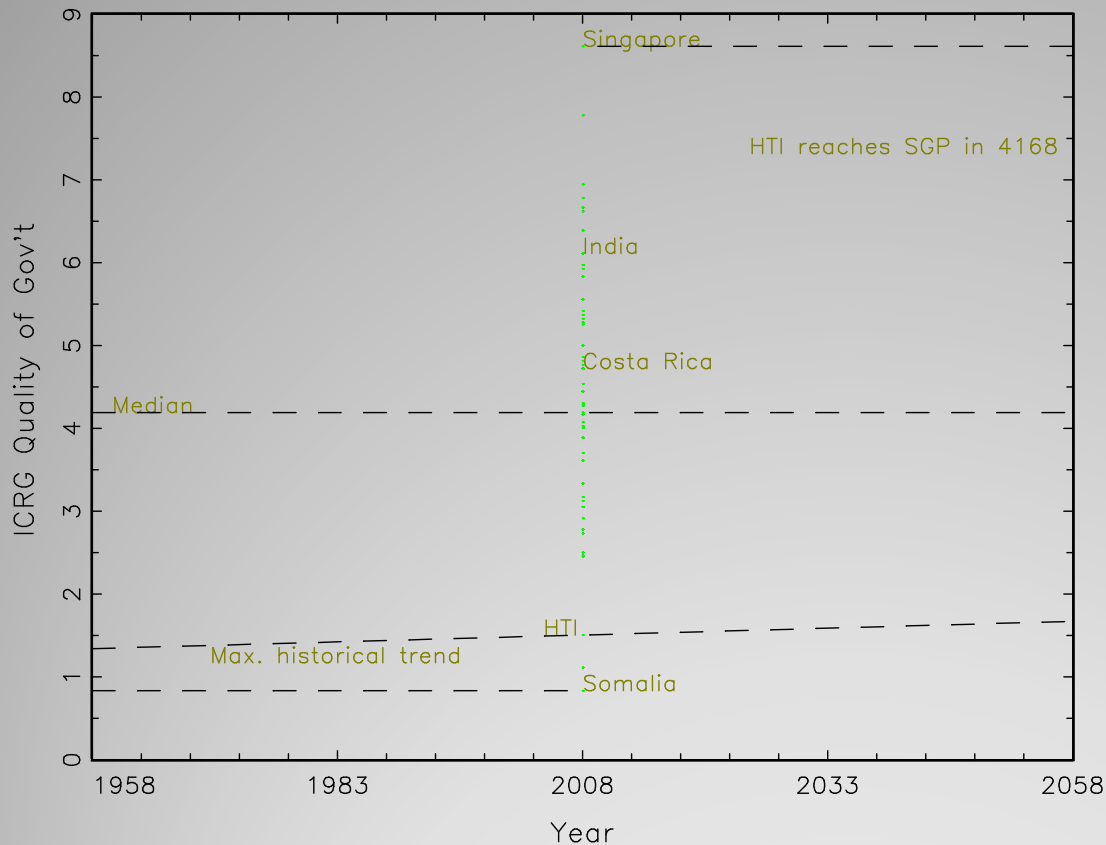
At the pace Haiti has progressed since its independence in 1806 (not far) it would take over 2,000 years to reach Singapore's level of capability (not a prediction, a mechanical extension)

At historical trajectories many countries would take millennia to reach Singapore's capability

Growth in state capability in last 10 years

Level of State Capability (0 to 10 scale)		Falling — Below 0.00 annual growth		Stagnating — Above 0.00 but below 0.05 annual growth	Rising — Above 0.05 annual growth	Total
High (above 6.5)	Codes	BRN, MLT, SGP	Capability Successes (high or rising)	BHS, CHL, ISR, KOR	TWN	
	N		3	4	1	8
Medium (above 4, below 6.5)	Codes	ARG, BGD, BGR, BHR, BOL, BRA, CRI, CUB, ECU, EGY, GHA, GIN, GMB, GUY, HUN, **INDIA**, IRN, JAM, JOR, LKA, MAR, MDG, MNG, MWI, MYS, NIC, OMN, PAK, PAN, PER, PHL, POL, QAT, ROM, SUR, SYR, THA, TTO, TUN, UGA, URY, ZAF	Muddle in the Middle	AGO, ARE, BWA, CHN, CMR, DZA, ETH, KWT, LBN, MEX, SAU, VNM, ZMB	COL, IDN, TUR, TZA	
	N		42	13	4	59
Low (Below 4)	Codes	BFA, CIV, COG, DOM, GAB, GTM, HND, HTI, KEN, LBY, MLI, MOZ, PNG, PRK, PRY, SEN, SLE, SLV, SOM, TGO, VEN, ZAR, ZWE		ALB, IRQ, MMR, NGA, SDN	GNB, LBR, NER	
	N	F-states (failed, failing, fractured, fragile)		22	3	31
				22	8	98

Source: Folk versus Forumla calculations based on Quality of Government ratings.

The part of development that has gotten the least attention because it seemed the easiest and most obvious—turns out to be hard

- Building state capability was just taking successful organizations (post offices, police forces, education systems, finance ministries) and transplanting them (or continuing the ones that were there)

- Why 'reinvent the wheel'?

- But now we have many countries, like India, which are economically growing, politically democratic—but experiencing reversals in state capability

Strong internal folk culture of performance

– Successful formal organizations are *consolidations* of successful *practices* which grow organically out of a drive for performance and experiences

Strong external folk culture of accountability

– Successful formal organizations grow out of roots grounded in folk practices of accountability (even if only limited in scope or to elites) and institutions are "scenes of conflict"

My hypothesis is that organizational capability requires:

Theory/Paradigm	Strategy	Tactics
Institutions and organizations produce success and result in high state capability	Build successful institutions and organizations by transplanting the forms and structures of existing successful institutions (or continuation of colonial/adopted forms)	Passing laws to create institutions and organizations Creating organizational structures Funding organizations Training management and workers of organizations to implement policies Policy reform of the formulas the organizations are meant to implement
Institutions and organizations and state capability are the result of success and are the consolidation and reification of successful practices	Produce success at solving pressing problems the society faces in ways that can be consolidated into organizations and institutions	Nominating local problems for solution Authorizing and pushing positive deviations and innovation to solve problems Iterating with feedback to identify solutions Diffusion of solutions through horizontal and inter-linked non-organizational networks

In our theory of capability:
"You cannot skip the struggle"

Is your activity…	Does producing successful outcomes from your policy….
TI: Transaction Intensive?	Require many agents to act or few?
LD: Locally Discretionary?	Require that the implementing agents make finely based distinctions about the "state of the world"? Are these distinctions difficult for a third party to assess?
KT: Based on Known Technology?	Require that agents innovate to achieve desired outcomes ?
HS: High Stakes?	Require that the agents resist large temptations to something besides implement the policy that would produce the desired outcome?

Summary of Classification of "activities" Using our Taxonomy

Implementation Light: Policy or Concentrated elite services

TI	LD	HS	KT

Logistics

TI	LD	HS	KT

Implementation Intensive Service Delivery Policy

TI	LD	HS	KT

Implementation Intensive Imposition of Obligation

TI	LD	HS	KT

Wicked Hard

TI	LD	HS	KT

When the private sector delivers the post, it does it exactly like a Weberian bureaucracy—large, top-down hierarchical, thin accountability controlled organizations

Logistics is logistics: Total Employees

671,687

400,600

245,109

In performance pressured eco-systems organizational form is endogenous

Thin accountability	Accounting—objectively verifiable facts about actions and compliance with processes	Works for logistics—the "ideal" Weberian bureaucracy (e.g. delivering the mail)
Thick accountability	The *account*--what is the justificatory narrative the agent tells that reconciles their actions with their identities—are you fulfilling your duties?	Is needed for "implementation intensive" (service delivery and imposition of obligations) and "Policy" and especially "wicked hard"

Folk and the Formula: Thin and Thick Accountability

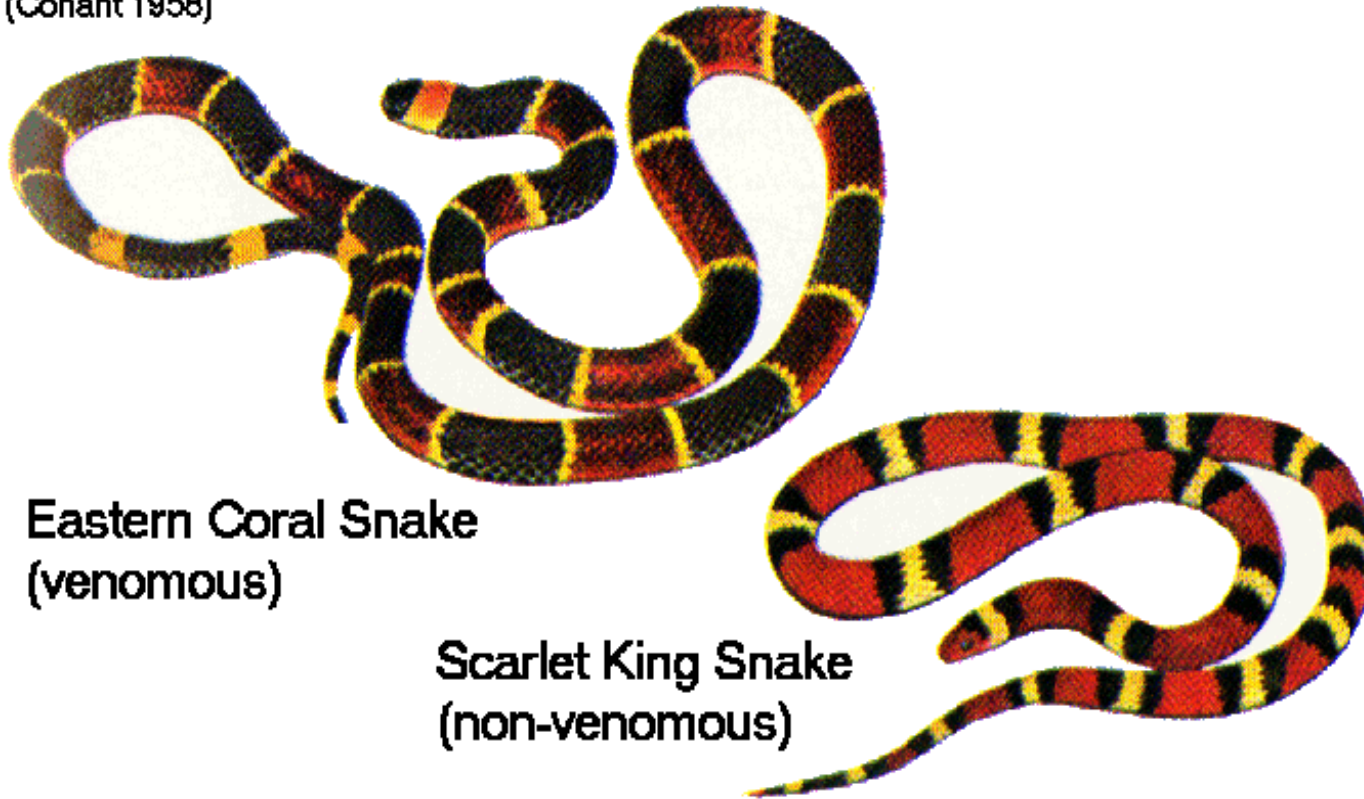| Activity		Internal folk culture of accountability	Embeddedness	External folk culture of accountability
Policy or concentrated elite		Elite status, duty as elites	Professional networks inside and outside public	Little pressure (too complex)
Logistics		Hierarchy, compliance culture—just doing our job	Respect for "officials" (e.g. post men)	Complaint if not process compliant (service delivery standards)
Implement ment Intensive	SD	Professionalism	Professional networks	Thick—in pro-active way
	IO	Professionalism	Professional networks	Thin—in defensive way
Wicked Hard		Innovators, pioneers, visionaries		Social Movement

Section IV:
The second jump at the chasm is harder

– Defensive camouflage of isomorphic mimicry provides survival value to dysfunctional organizations

– Internal Folk is the Organization of Cynicism

– External Folk is Coping

What to do when your first jump didn't get you there?

Isomorphic Mimicry in Snakes

(Remember: Red and black, friend of Jack, Red and Yellow, Kill a Fellow)

"Looking like a State" Pritchett, Woolcock, Andrews (2012)

Isomorphic mimicry in flies and in schools: When is a school just a building and not an education?

Camouflage of looking like a bee and not a fly is a survival strategy for a fly....without the bother of being poisonous

Camouflage of looking like a school—buildings, teachers, kids in uniform—allows public schools to survive without all the bother of educating children

- What is the *account* of....
  - A doctor who doesn't get off the phone when dealing with a patient presenting with chest pains (from rural MP study)

  - A teacher who doesn't smile at the students (much less laugh, joke, talk to them)

  - A policeman who takes bribes from motorists?

  - The bureaucrat who issues licenses without the compliance?

- Fixing the *accounting* cannot fix the *account*

Organized cynicism

Individuals cope with dysfunction in three ways:

a. Opting into alternative providers (rich good ones, the poor bad ones)

b. "Influence actions" (e.g. bribes, accommodations)

c. Opting out of services (and impositions) altogether

Coping with Coping

- Bureaucrats themselves?
- Touts?
- The rich?
- The "middle class"?
- The politicians?

Who really wants "reform" once "fact is fiction and fiction is fact"?

Section V:
A new approach to building capability

Problems cannot be solved by the same level of thinking that created them.

Albert Einstein

1. Local Solutions for Local <u>P</u>roblems

2. Pushing Problem <u>D</u>riven Positive Deviance

3. Try, Learn, <u>I</u>terate, <u>A</u>dapt

4. Scale through Diffusion

Four Principles of PDIA

This section is based on Andrews, Pritchett, Woolcock, 2012

Local Solutions for Local Problems

o What gets onto the agenda for action?

o Not "solution" driven (e.g. "raise qualifications of teacher")

o Tackle a feasible (but important enough) problem

o Rigorous about goals in the output/outcome space (e.g. cleaner streets, numbers of new exports, growth of exports)

Examples of "problem driven"

- Malcolm Sparrow's work on "policing" (a circularly defined input agenda of responding to calls and closing cases) versus "reducing crime" or "stopping open air drug sales"

- Matt Andrews work on PFM—countries did easy "budgeting" (a circularly defined input agenda) and badly on "expenditures" as it never affected the core of the organization and hence "solutions" could be implemented without touching problems

- Michael Woolcock on land titling—programs tore through the easy ones that did not matter (e.g. no disputes hence no uncertainty) but the system built for logistics foundered on the hard ones—which were the ones that mattered

- Pires (2009) on Brazilian Labor Department inspectors

- Chris Stone on handling rape reports in South Africa

Pushing Problem Driven Positive Deviation

- Authorize at least some agents to move from process to flexible and autonomous control to seek better results

- An "autonomy" for "performance accountability" swap (versus "process accountability")

- Only works if the authorization is problem driven and measured and measurable...increase the ratio of "gale of creative destruction" to "idiot wind"

Policy Makers

Design street cleaning program to allow local "Best Fit"

Internal authorization of positive deviation

Rent Seekers

Bureaucrats

Designated Innovators

Process Controls

Space for Achievable Practice

Process Controls

Policy Deviation

#1

Feedback on Outcomes

Dirty Streets

Less-Dirty Streets

Cleaner Streets

Try, Learn, Iterate, Adapt: Only Learning is Learning

○ Monitoring: mainly internal, about inputs and process controls (e.g. was budget spent against acceptable items in acceptable ways)

○ Evaluation (of the Big E type): mainly ex post, able to focus on *outcomes* and outputs and tell "with and without" project...with a longish time lag for a specific element of the design space

○ *Experiential learning:* Using the process of implementation itself to provide as tight as possible feedback loops on implementation

Pritchett and Samji 2012 (forthcoming)

Only learning is learning

Classifications	Learning model diffusion scale whatever
Implementation light policy (including elite concentrated services)	Professionalized best practice
Logistics	Top down (technologically imbedded)
Implementation Intensive Service Delivery	Horizontal diffusion in a community of practice
Implementation Intensive Imposition of Obligation	Horizontal diffusion in a community of practice
Wicked Hard	Leadership followed by move into IISD or IIIO above

Common Sense? Actually contradicts the way development is currently practiced		
Elements of approach	**Mainstream Development Projects/Policies/Programs**	**Problem Driven Iterative Adaptation**
What drives action?	Externally nominated problems or "solutions" in which deviation from "best practice" forms is itself defined as the problem	Locally Problem Driven— looking to solve particular problems
Planning for action	Lots of advance planning, articulating a plan of action, with implementation regarded as following the planned script.	"Muddling through" with the authorization of positive deviation and a purposive crawl of the available design space
Feedback loops	Monitoring (short loops, focused on disbursement and process compliance) and Evaluation (long feedback loop on outputs, maybe outcomes)	Tight feedback loops based on the problem and on experimentation with information loops integrated with decisions.
Plans for scaling up and diffusion of learning	Top-down—the head learns and leads, the rest follow and listen.	Diffusion of feasible practice across organizations and communities of practitioners : only learning is learning

- "Democracy"—no guarantee of success

- "Transparency"—can work for logistics but cannot go beyond that

- "Better evidence about what works"—sigh

- "Training"—who is it that doesn't know when its Tuesday?

- "Capacity building"—from fiction you cannot build facts

The solutions people want to work, won't work (especially form the bottom of the chasm)

– A solution people don't want—unleash the power of folk solutions (internal and external) at the local scale to create a virtuous circle the *culminates* in strong organizations

– (solutions they do want are more inputs, more training, more solutions ("next generation", more externally defined problems, more cocooning)

– For a problem they won't admit they have (creating administrative fictions to avoid admitting the capability isn't there)

Conclusion: Incrementally strategic bottom-up approach

THANK YOU

For more examples and papers, please visit our
Building State Capability Program
Center for International Development
at Harvard University

http://www.hks.harvard.edu/centers/cid/programs/building_state_capability