

Institutions Taking Root: Building State Capacity in Challenging Contexts^{1 2}

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Abstract

Building and operating successful public institutions is a perennial and long-term challenge for governments, especially in the volatile conditions found in fragile settings. Yet experience has shown that some government agencies do manage to take root and to be reasonably effective in delivering results, earning legitimacy, and forging resilience in the face of an otherwise tumultuous operational context. Drawing on mixed-method empirical research carried out on nine public agencies in Lao PDR, Sierra Leone, The Gambia, and Timor-Leste, this paper identifies the causal mechanisms underpinning institutional success in fragile states by examining the inner workings of these institutions, along with the external operational environment and socio-political context in which they exist. Institutional development is shown to be a dynamic, evolving process, susceptible to reversals. The paper sheds light on the strategies with which these agencies have successfully negotiated the continuing of institution-building.

Points for practitioners

Besides operating in an environment in which most agencies are ineffective and have often succumbed to corruption and patronage, successful public institutions in fragile and conflict-affected states share a number of core characteristics. They have typically built internal mechanisms to monitor and evaluate their programs, attract, and motivate skilled human resources, and communicate organizational goals effectively throughout the ranks. They emphasize reaching out to previously marginalized groups, including through a greater geographical coverage. And they are adept at driving their own institutional agendas, particularly by using formal and informal partnerships to augment the scope, legitimacy, and stability of their mandates. Along with coupling clear goals with sufficient commitments of resources, the cases highlight the importance of identifying and building on existing capabilities and social capital, while combining short and long term interventions for institution building.

Keywords

Fragile states; institution-building; institutional success; legitimacy; organizational capacity; resilience.

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Introduction

Building and operating successful public institutions is a perennial and long-term challenge for governments, even under ideal circumstances. The difficulty of this complex challenge is compounded by the volatile conditions found in fragile and conflict-affected settings (FCS), where human security, political stability, and economic activity have been dislocated. 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 a resiliency in the face of an otherwise tumultuous operational context. The study detailed here examines such cases of successful institution-building in FCS in order to understand the set of causal factors underlying these experiences and thereby provide the basis for targeted operational insights for policymakers in FCS and their development partners.

By their very nature, fragile and conflict-affected situations offer the least hospitable environments for human and institutional capacity-building, since many of the conventional ingredients of success have been attenuated by conflict or fragility. It is no surprise, then, that the academic and practitioner literature on FCS is replete with instances of institution-building challenges, obstacles, and—ultimately—failures.³ Perhaps counter-intuitively, then, this study begins with the observation that there are instances of successful institution-building in FCS. By concentrating on these stories and illuminating the shared causal factors underlying success, the project aims to isolate the institutional practices and processes that underpin capable public institutions in otherwise inhospitable settings. The findings are intended to fill a critical gap in

³ The Independent Evaluation Group (IEG) has concluded, for example, that the World Bank has yet to find an effective approach to assisting FCS in developing core public sector governance institutions (World Bank 2006).

the literature on FCS and provide practical guidance for policymakers engaged in public sector institution-building efforts in countries with weak institutional capacity.⁴

This study seeks to generate causal explanations of institutional success by examining exemplary agencies in the contexts in which they are embedded. The approach moves beyond the macro-contextual factors often analyzed in fragile states, 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. Our research proceeds from the observation that holding such factors constant in their often low equilibria, we *still* see 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, macro-political environments. We also see specific achievements in institution-building even when systemic public sector capacity-building initiatives have stalled. Sometimes, examples of institutional success can even have a feedback effect on broader questions of state legitimacy and the institutional landscape. It is the building blocks of these instances of excellence we seek to identify, in order to illuminate the strategies and practices that enable them to succeed in the face of formidable challenges. First, this paper defines institutional success and outlines a series of hypotheses on the causal underpinnings of successful institutions in FCS. Second, we describe the innovative methodology employed in this study. Third, we highlight the core findings emerging from case studies of successful public agencies in the Gambia, Laos, Sierra Leone, and Timor-Leste. A final section draws some synthetic conclusions on the most important factors for institutional success in FCS and sketches key policy implications.

⁴ The study is thus 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).

Institutional success in challenging contexts

Many advances have been made in recent years in defining and measuring public sector institutional capacity writ large.⁵ Yet relatively little systematic attention has been devoted to defining the granular elements of institutional success, the focus of this study. Our first contribution is to develop a clear definition of success. For Huntington, classically, a political institution's ability to perform successfully depends on its breadth of support and its level of *institutionalization*, defined as adaptability, complexity, autonomy, and coherence.⁶ Brinkerhoff, similarly, suggests that public sector organizations in fragile and conflict-affected situations will achieve success if they (a) develop the capability to self-organize and act, for example by mobilizing resources; (b) generate development results by producing substantive, sustainable outputs; (c) establish supportive relationships by managing linkages, building legitimacy, and dealing effectively with politics and power differentials; (d) adapt and self-renew, for example by adapting plans based on monitoring and developing resilience; and (e) achieve coherence, for example by developing shared strategies.⁷

Defining institutional success

Some of these elements are causal reasons for institutional success, which we deal with below. The shared elements concerning what an institution must do to be considered successful align into three core dimensions. Thus, we define an institution as successful if, *at a minimum*, it satisfies three criteria: (i) it is able to deliver positive results with respect to its core mandate; (ii) it possesses broad legitimacy within the country; and (iii) its operation is durable and resilient:

⁵ WDR (2011); IPPG (2010); Fukuyama (2004); Pritchett and de Weijer (2010).

⁶ Huntington (1968): 8-32; Brinkerhoff (2005); and also, *inter alia*, Grindle (1997) and Baser and Morgan (2008).

⁷ Brinkerhoff (2007).

Results. The institution exhibits sustained improvements in key agency outputs and outcomes: it has achieved measurable and gradually improving results with respect to a sizeable portion of its core mandate.⁸ Many institutions and donors track data that can be used to measure such results for the purposes of this activity.

Legitimacy. The institution derives authority from the political order, actors, and institutions with which it holds meaningful relationships.⁹ Legitimacy is a complex concept to measure;¹⁰ we aim to study both: (i) *output legitimacy* (*what* the institution does, or its outward performance and the perceived effectiveness and quality of services it delivers); and (ii) *procedural legitimacy* (*how* the institution functions, or the operational procedures through which its success is determined and exercised).¹¹ The notion of public ‘trust’ in the institution is hence a core component of its legitimacy. Crucially, a successful public institution will garner legitimacy not only in the aggregate but across societal divides of region, class, ethnicity, gender, political affiliation, etc.

Resilience. A resilient institution is durable, sustaining and enhancing results over time, as well as able to adapt to changing circumstances, anticipate new challenges, and cope with exogenous shocks. For an institution to be considered resilient for the purposes of our research, it will have maintained its performance through at least one transition in agency leadership *or* five years of successful operation. In addition, it will have demonstrated its ability to adapt to changes in its operating environment and deal with unexpected challenges. Finally, if the institution was initially heavily funded by external support, it will have moved over time towards relying

⁸ We do not establish a universal bar for success across all cases; instead we measure each agency’s progress against the criteria for success it has defined for itself and through the eyes of its stakeholders.

⁹ NORAD (2009).

¹⁰ See, for example, Lamb (2005); Weatherford (1992).

¹¹ This is closely related to the concepts of “output” and “input” legitimacy in Bellina et al (2009).

significantly on a predictable (i.e., budgeted) stream of in-country resources for its continuing operation.

The success dimensions of results, legitimacy, and resilience are deeply interwoven and interdependent. As Lipset observes, for example, a regime's legitimacy depends not only on law or tradition, but also at least partly on its results, or its efficiency at achieving important objectives.¹² Likewise, 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.

The causal underpinnings of institutional success

In considering the causal factors underpinning institutional success, two major strands of scholarly and practitioner literature—spanning the fields of political science, public policy, development economics, and public administration—are particularly relevant: research on organizational effectiveness and institutional development; and work on fragile and post-conflict state- and institution-building. Scholars and development practitioners have found that both internal and external dimensions are relevant in explaining successful institution-building in challenging contexts; and, moreover, tend to argue that they are inter-related, or that there is some form of interactive effect between the two dimensions.¹³ Our key focus of investigation is to determine how and under what conditions both internal and external factors shape institutional success across countries and public institutions and the possibly quite varied extent to which they

¹² Lipset (1981): 22.

¹³ For example, Leonard (2010), in examining 'pockets' of institutional effectiveness in countries with poor governance and weak administrative records, 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.

interact in enabling that success to take root. Hence, we bundle our hypotheses into three major categories: internal workings, external environment, and socio-political context.

Inner institutional workings. A first set of hypotheses concerns the internal workings of, or factors endogenous to, the agency—such as the ability of managers and leaders to perform and direct key tasks; and the extent to which the functions of the agency determine, to whatever extent, appropriate organizational structure and personnel skills, which, in turn, determine performance. A focus on how an agency’s functions can affect performance is akin to Israel’s (1987) landmark theory—related to those of Hirschman (1967) and Wilson (1989)—of ‘specificity’ in institutional development, whereby organizations that perform more highly technical and specialized functions (e.g., central banks, compared to education ministries) are more likely to be high performers. More recently, Fukuyama (2004) has also used 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. Teskey (2005) also emphasizes the import of specificity and accountability in enhancing the sustainability of capacity-building.

For the purposes of this study, the broader notion of specificity as a statement of what an institution does lacks particular operational relevance—simply because one cannot change the nature of specific institutions or their functions as broadly construed. More relevant is a restatement of the concept that orients it toward an institution-building strategy: public sector agencies are likely to be more successful in delivering sustainable results with legitimacy by adopting a building-block approach to defining their mandate—focusing in the first instance on

highly specific tasks and, having achieved success in executing those, then moving on to a next set of tasks (perhaps slightly less specific), and so on. An agency may also be able to increase the specificity of its mandate at the outset by outsourcing some of its functions or relying on public-private partnerships for the achievement of certain tasks.

Also focusing on internal workings, Grindle (1997) asks why some public sector organizations perform relatively well in otherwise unfavorable contexts, and highlights four characteristics that help these agencies perform successfully in developing countries. Successful organizations (a) develop an organizational mystique, or an internalized sense of mission and importance; (b) have flexible, equitable managers who are problem-solving and teamwork oriented; (c) have clearly defined performance expectations; and (d) have some autonomy in personnel management that provides a facilitating context for the preceding three characteristics to be developed. Similarly, in surveying the literature, Leonard (2010) points out that one major strand of hypotheses on organizational ‘effectiveness’ hold that it is determined in large part by how an organization’s management and leadership structures it to achieve its tasks. It is important to emphasize that some of these internal factors relate to the agency itself, while others relate to the individuals working within it—and both are essential objects of study.

Table 1: Causal expectations focused on internal institutional workings
<ul style="list-style-type: none"> • Institutions that adopt a succinct mandate and develop policies based on a building-block approach, first focusing on high-specificity tasks (those that are more technically specialized, monitorable, and accountable), have higher odds of success. • Leadership—whether by an individual or a group—that emphasizes problem solving and an <i>esprit de corps</i> enhances institutional success. • Agencies that structure individual tasks appropriately and prioritize individual motivation (including through performance management) will be better able to marshal human resources in achieving results. • Institutions that maintain a constant emphasis on performance evaluation and evidence-based learning and adaptation on will be more likely to succeed durably and respond to challenges in operation. • Institutional autonomy in personnel management and pay scales empower agencies to attract

and retain qualified personnel at all levels and thereby enhance performance.

The inner workings of an institution are, of course, intimately tied to its operational context, to which we now turn.

External operational environment. The second set of hypotheses concerns the external environment within which the agency is embedded. Teskey (2005) emphasizes the importance of aligning individual competence, the organization, and institutional context in the pursuit of sustained capacity-building. In particular, the agency's role and mandate should be articulated in a manner commensurate with capacity, and the challenges it faces defined clearly. This reinforces the benefits of an incremental approach to capacity-building—or starting small and widening scope on the basis of good performance. In the same vein, Grindle (2004, 2007) has recently articulated the concept of 'good enough governance' in an attempt to move away from first-best reform dictums for low-income countries. The notion refers to contextually grounded and feasible institutional and governance arrangements that achieve a *de minimus* degree of quality sufficient to enable a country to fulfill its developmental goals—in other words, good-fit instead of best-practice.

Moreover, institutions are more likely to be successful in fragile contexts when they carefully identify, tap into, and build on pre-existing capacity—whether this capacity is situated within the agency, in other public institutions, or non-governmental or civic groups. Activating existing capacity involves, crucially, aligning the fiscal and administrative strategies of the agency with the broader public financial management and human resource systems in the country (Cliffe and Manning 2008); or, at the very least, finding creative ways to avoid or negotiate the constraints that the weakness of those broader systems may impose on other public agencies. Institutions

achieve success in terms of the functions they perform and are accountable for—hence it is important to consider how the organization engages with other groups, governmental or civic, in pursuit of its mandate. Agencies that build innovative partnerships with other organizations, within or outside government, will be more able to navigate obstacles to good performance. Moreover, agencies that can strategically guide development partner collaboration and assistance will be better equipped to pursue their own policy priorities.

Public institutions serve as the main arena for interactions between the state and society; they are therefore influenced by many different sets of stakeholders, including particularly political and bureaucratic principals and service clients. Their ability to deliver on the state's compact with clients in society, earn legitimacy, and be resilient in the face of institutional fragility will therefore depend on their ability to manage stakeholder interactions. A primary set of relationships for any public agency is with its political and bureaucratic principals—those agents that direct the agency and hold it accountable for performance. Public administration theory and experience suggests that an institution is more likely to perform well and survive over time if it is accountable to multiple principals, such as a legislative body or to the public, rather than solely to specific individuals or offices, such as the presidency. [Note: the obverse may be true, particularly if the need to respond to multiple, competing principals ties an agency up in process-oriented knots and the need to please many, rather than enabling it to focus on performance.] In a similar vein, those agencies relatively protected from demands for structural change—e.g., those possessing a legislated or regulated identity, those able to recruit staff under their own labor regime—are more likely to be durable and perform sustainably over time.

It is equally essential to understand more broadly the range of stakeholders involved in the organization and how their interests are expressed and negotiated. Organizations that match strong internal communication with external public outreach, and rely on built-in systems of internal and external accountability, will be more likely to achieve and sustain success. In particular, public agencies are more likely to achieve sustained success if they strategically manage their interactions with clients. Leonard (2010) notes a group of hypotheses around the notion that organizational effectiveness depends, in part, on the benefits the agency generates for the politically powerful groups in its institutional environment. Manor et al. (2007) have argued, on the basis of detailed empirical case studies, that organizations in FCS are more likely to be successful if they design programs based on close consultation with local level stakeholders and if they continuously adapt their implementation on the basis of frequent consultation.

Very often, public sector agencies that pursue certain functions adopt similar institutional forms across countries—for example, ministries of finance tend to resemble each quite closely. Yet the institutional form of public sector agencies can actually vary in their pursuit of specific functions. In practice, the form of certain agencies in some countries will look different from what one might expect—most often in order to resonate more closely with local social norms and organizational culture. These two expectations regarding institutional form represent competing hypotheses on the effects of institutional isomorphism and how this phenomenon affects legitimacy. On one hand, legitimacy may come from an international form of isomorphism that emphasizes certain normative models of institutional functionality.¹⁴ On the other hand,

¹⁴ A large and burgeoning institutionalist literature addresses the causes of isomorphism in organizational fields. Resisting the rationalist argument that certain institutional forms simply represent the most technically efficient solution to a particular role or function, this literature turns to normative explanations for the mimetic adoption of institutional form in different countries. See, in particular, Meyer and Rowan (1977), DiMaggio and Powell, eds. (1983), Powell and DiMaggio (1990), and Meyer et al. (1997). In addition, for an explicit treatment of institutional

legitimacy may be built through domestic isomorphism, whereby institutional form resonates with local context and culture more firmly such that adaptation to local norms may be critical for client trust and domestic legitimacy. These two forms of isomorphic legitimacy may pull institutions in opposite directions; a notion that this study intends to interrogate.

Table 2: Causal expectations focused on external operational environment
<ul style="list-style-type: none"> • Agencies will be more successful if they are adept at using both formal and informal means—including purposeful management of inter-agency interactions—to reward allies, sanction opponents, secure stakeholder support, gain access to public resources, etc. • Institutions that emphasize consultation with the client and adaptation to the client’s socio-cultural reality will be more likely to succeed. • Institutions that rely on external and inter-agency partnerships are able to increase the scope, legitimacy, and stability of their programs. • Agencies that innovate institutional form in ways to be more consonant with the local organizational culture and social norms will be relatively more successful; while those that rely on imported organizational models that conform to international norms will be relatively less successful. • Donor coordination and regular exchanges facilitate institutional success by reducing the transaction costs associated with assistance, allowing institutions to pursue clear policy priorities and more effectively channel technical and financial aid.

The operational context of a public institution, by which we mean its day-to-day working environment and relationships, borders closely on the broader social, political, and institutional milieu that surrounds it. Institutional capacity-building and reform initiatives, in order to be tractable, durable, and legitimate, must be incentive-compatible not only in terms of operational interactions, but must also respond to and resonate with the social and political fabric that has evolved in a country. We now turn to hypotheses concerning the latter.

Socio-political and historical context. The third set of hypotheses concerns the broader socio-political context in which the institution is embedded—the political system, formal and informal power patterns, historical trajectory, and so forth. A good-fit, incentive-compatible philosophy is

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.

advanced in this more expansive sense by the *World Development Report 2011*, which argues that institutional reforms in FCS do not need to be technically perfect; rather they should be adapted to the political context and the incentives in place at any given point in time. Institutions that are consciously aware of past or present societal divides and ensure that their functions and services are generally viewed by the public as fair—rather than privileging one group over another—will be more broadly legitimate and durable in the face of political and social changes over time.

In recent years, the development community has converged on the broad consensus that technocratic approaches to institutional development cannot succeed without attention being paid to socio-political factors surrounding the institutions in question. Some have argued, in this vein, that successful institution-building must necessarily be aligned with the negotiation and composition of the state-society compact (e.g., Jones et al. 2008, World Bank 2009). Similarly, the ability of an institution to deliver results, achieve legitimacy, and be resilient is embedded in political processes and power structures (both formal and informal), the country's historical trajectory, and societal sources of legitimacy (IPPG 2010, OECD 2010, World Bank 2011). In fragile states, with low institutional capacity, these political forces and macro-social cleavages can be very fluid and sometimes subject to surprisingly swift change. To be successful in continuing to deliver results, earn legitimacy, and maintain resilience in such an evolving socio-political landscape, institutions must be able to operate dynamically, taking advantage of opportunities and dealing quickly with setbacks. In a very practical sense, organizational

effectiveness is contingent upon the broader political institutions that shape what is operationally feasible.¹⁵

Formal aspects of the socio-political landscape include aspects such as the overall structure of the political system—including the constitution or set of laws it is governed by, the structure of government (especially intergovernmental arrangements), political accountability relationships, etc. Within this broad institutional framework structuring the incentives of all political actors, certain institutions and relationships are prioritized, indeed utilized, in helping stakeholders achieve their goals. Institutions that are well-positioned to help political elites achieve their goals will be more likely to be supported and resourced over time, and hence more likely to succeed. For example, those agencies that can be effectively used to distribute political patronage—in the form of services, public sector jobs, rents, etc.—to key political constituencies will be favored by political elites. This elite support may be a necessary ingredient for success; yet, on the other hand, an emphasis on patronage distribution may limit or compromise the ability of the institution to achieve success as defined here.

Informal socio-political dimensions are equally important in structuring incentives and the context within which a public institution operates. Traditional forms of power or authority will remain central in shaping stakeholder behavior, often pulling in different directions from formal political relationships. One key dimension of informality is the manner in which rents flow to and from the institution in question, and the extent to which these rents are a source of power. Many public institutions are at the center of a complex flow of rents—both legitimate, e.g., through subsidies; and illegitimate, i.e., through theft or corruption—that, in essence, represent a

¹⁵ Leonard (2010) points to two bundles of hypotheses that speak to this point.

set of elite-to-elite and elite-to-public bargains. The operational equilibrium shaped by these bargains will either help or detract from the ability of the institution to achieve results, with legitimacy, in a durable fashion. Finally, as the *WDR 2011* argues, institutional transformation can help countries to mitigate the risks of repeated violence. Institutional legitimacy, capacity, and accountability are crucial in de-escalating violence. Addressing internal (domestic) and external (international) stresses in a durable way requires building strong and legitimate institutions that can successfully mediate the impact of such stresses.

Table 3: Causal expectations: Socio-political and historical context
<ul style="list-style-type: none"> • Agencies that adapt their mandates and strategies to the distinctive cultural, social, political and historical features of their country are more likely to help political elites reach their goals, develop legitimacy, and successfully deliver results. • Public institutions that carefully manage informal political bargains—particularly through judicious control of rent flows—will be more likely to succeed. • Successful institutions improve their legitimacy and durability/resilience by reaching a wide swath of the citizenry across the divides of politics, ethnicity, class, and gender. • Similarly, agencies that are able to take advantage of windows of opportunity, as well as deal effectively with setbacks and respond to challenges and stresses, are more likely to be durable and continue to achieve results—because institutional success is not linear, but is rather a dynamic, evolving process.

As a coda to this section, it is important to note that the success of individual institutions in FCS cumulates, in the best case scenario, to overall enhancements in governance. In other words, a country’s overall level of institutional capacity advances, at least in large part, through secular improvements in specific pockets of effectiveness. Public agencies that form part of this virtuous cycle will likely find it easier to be successful when compared to those fighting an uphill battle in terms of the broader institutional context. As we expand upon in the section below, the research design of this project is intended to illuminate such interactions between internal workings, external environment, and socio-political context.

Research design

The roots of this study, as a World Bank research project intended to generate operational insights for policymakers in FCS, mean that the methodology employed merits a longer than usual presentation. In the following discussion, we highlight the innovative aspects of the research design, made possible by close collaboration with World Bank country management teams and experts on FCS.

Identification of successful institutions and case selection

We considered for analysis any public institution in a country with low state capacity, either currently or in the recent past, that meets our proposed criteria of success—be it a central bank or auditor general, a service delivery institution such as a ministry of education or health, a rule of law institution, or even a state-owned enterprise.¹⁶ The scope of the inquiry is not limited to a particular sector or type of public institution, as long as it can be reasonably seen as a permanent instrument of the state (as opposed to a project implementation unit or donor-funded program). To collect a pool of potential case study institutions a query was distributed to World Bank management units of all countries that are currently or have relatively recently been on the list of fragile and conflict-affected states, elaborating the three criteria of success and soliciting notable examples of institutions that appeared to meet these criteria. This was by no means an exhaustive approach to identifying the full universe of successful institutions in FCS but, we believe, a reasonable way to elaborate a representative sample without cherry-picking. The success of each institution proposed through this process was subsequently corroborated through secondary

¹⁶ We use the term “institution” in its colloquial meaning, i.e., 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” distinct from organizations.

research and a round of narrative-based interviews with individuals with firsthand experience with the institutions.¹⁷

From this possible sample of successful institutions, we selected a subset of cases for intensive study, applying three criteria. First, we narrowed the list of countries to those in which two or more institutions were identified and confirmed through initial interviews as successful. Since our unit of analysis is the public institution itself, pairing analysis of two institutions in one country enables each country case study to encompass two units of observation. Pairing institutions within a country case study, in this fashion, greatly enhances analytical leverage by holding macro country context constant across two units of analysis—enabling the researcher to compare how two different institutions negotiate and operate within a shared macro socio-political and institutional environment.

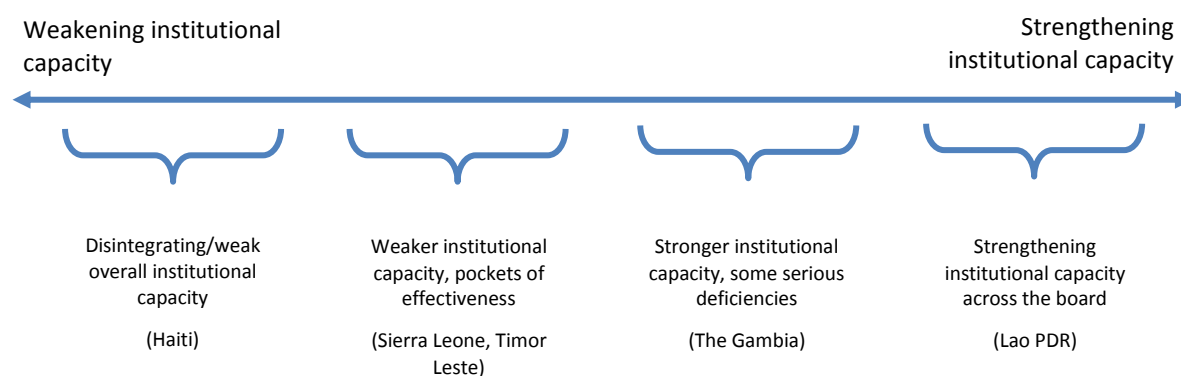
Second, we broadly categorized FCS along a spectrum of institutional capacity and chose at least one country (with two successful institutions) from different points along this spectrum. For analytical purposes, it is worth distinguishing between different types of FCS, since building a strong institution in a country where institutional capacity is improving across the board is a very different challenge in both design and level of difficulty than achieving success in one institution in a country where the overall context is of much poorer state capacity. There are numerous typologies and categorizations of FCS in the practitioner and academic literature.¹⁸ Without

¹⁷ The initial round of narrative based interviews followed a structured, focused interview guide designed to (a) evaluate the institution in light of the proposed criteria of success, (b) give the interviewee ample room to explain the success of the institution in his or her own terms, and (c) test a set of preliminary hypotheses about the sources of institutional success.

¹⁸ The OECD-DAC International Network on Conflict and Fragility (INCAF) and the World Bank's OPCS share a four-fold classification of fragile states as follows: (i) deteriorating institutional environments, (ii) post-conflict or political transition situations; (iii) settings of prolonged political crisis or impasse; and (iv) gradually improving contexts. See World Bank (2005) and OECD (2010); as well as other works commissioned for the OECD-DAC

taking a position on the merits of any of these, we believe the loose categorization we offer here captures the key dimension of institutional fragility typically at the center of such schema. We divide a spectrum of institutional capacity into four broad groups: (i) countries with disintegrating institutional capacity; (ii) countries where institutional capacity is extremely weak but some pockets of effectiveness do exist; (iii) countries where institutional capacity is broadly improving, yet serious deficiencies remain in key public agencies; and (iv) countries in which institutional capacity is strengthening across the board. 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 and also that enclaves of good governance can accrete to a dynamic process of institutional improvement.¹⁹ Figure 1 depicts this spectrum schematically, along with a preliminary positioning of the countries selected in this study for in-depth case research.²⁰

Figure 1: Spectrum of Institutional Capacity in FCS Countries



working group on fragile states, e.g., LSE et al. (2008) and Jones et al. (2008). For a recent and succinct summary of various donor definitions of fragility, see also Stewart and Brown (2010).

¹⁹ See, for example, World Bank (2011) and North et al (2007).

²⁰ For this schematic purpose, the countries are positioned on the basis of their current CPIA scores for institutional quality as well as a more dynamic notion of how their overall governance picture is evolving.

This broad categorization of FCS aims to embed a sense of how countries are evolving dynamically—attempting to capture, in a directional sense, whether their overall institutional and governance capacity is weakening or improving. Others have emphasized the importance of viewing fragility and the paths out of it through a dynamic lens.²¹ Categorizing countries dynamically in this manner enables us to embed our analysis of the secrets of successful institution-building in an evolving picture of the institution’s operating environment over time. But it is important to note that even in those countries on the right-hand side of this spectrum, overall levels of institutional capacity—although improving—remain low relative in a global comparative sense. Our spectrum thus aligns with the World Bank’s definition of FCS as those below a certain institutional capacity threshold.

Finally, we aimed for some degree of cross-regional coverage for the purpose of global knowledge building and sharing. Through applying these three selection criteria—and within the constraints of resources and time—our country case studies with pairings of successful institutions are as follows: Haiti (Ministry of Finance and Police)—not covered in this paper; Lao PDR [Ministry of Public Works and Transport (MPWT); Electricité du Laos(EdL)]; Sierra Leone [Ministry of Finance and Economic Development (MoFED); Local Councils]; The Gambia [Ministry of Basic and Secondary Education (MoBSE); Ministry of Finance and Economic Affairs(MoFEA)], and Timor-Leste [Ministry of Health (MoH); Central Bank; Ministry of Social Solidarity (MSS)]. The group of case studies thus provides a balance among regions as well as variation in the types of public sector institutions examined, and spans the range of FCS contexts. An additional case study

²¹ See, *inter alia*, Jones et al. (2008), World Bank (2005), and Doyle (2001).

Having chosen not to limit the scope of the inquiry to a particular sector or type of public institution, we identified through our case selection process a broad range of agencies to study. Inevitably, questions will arise about the wisdom of comparing ministries that perform core government functions (e.g., a ministry of finance) with service delivery agencies (e.g., a ministry of education). The functions that these institutions serve and the tasks that they perform are certainly very different; the former perform highly defined and specialized tasks yet produce outputs that are harder to observe and measure, while the latter deliver more concrete and measurable services that are by nature less technically specialized. Moreover, methodological issues arise in attempting to measure institutional success and draw conclusions about the shared causal underpinnings of that success. With these issues in mind, we nonetheless felt that it was necessary—while being as clear-eyed as possible about institutional differences in the analysis—to include the full range of institutions in the study in order to come to a set of generalized conclusions about how public institutions succeed in otherwise challenging contexts.

Case study methodology

The aim of case-focused research is to develop knowledge “regarding the causes of similarities or differences among instances (cases) of that class of events.”²² In this study, the phenomenon, or class of events, we examine is institutional success; we seek to illuminate the varied potential factors of success that will then likely merit further study.²³ In choosing to study only *successful* institutions we are purposely selecting on the dependent variable. Our premise is that, contingent on context, different factors can combine to result in institutional success, and we wish to

²² George and Bennett (2005): 18.

²³ David Leonard (2010: 94) observes that this is not an uncommon tactic in the study of organizational effectiveness in developing countries, pointing out a small yet influential group of scholars—including, in addition to 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.”

identify those causal combinations. In the nascent field of institution-building in FCS, it is particularly relevant to undertake comparative case studies, as this approach helps to (i) generate new hypotheses about understudied phenomena, (ii) address causal complexity, and (iii) undertake contextualized comparison.²⁴

We developed a case study guide to conduct a structured, focused comparison of the case studies, a methodology particularly suited to the identification and examination of causal mechanisms and the building of theoretical generalizations on a relatively small universe of cases, such as we are faced with here. The method is “structured” in that the case study guide developed for the research is grounded in a set of questions or lines of inquiry that reflect the research objective and hypotheses. This template of questions was asked of each of the case studies to guide and standardize data collection, thereby making systematic comparison of the cases possible. The method is “focused” in that it deals with only certain aspects of the historical cases examined. Standardizing the case study methodology also allows for future researchers to add new case studies to the research project, thereby expanding and strengthening the findings.²⁵ The next section presents a series of key findings emerging from the four initial case studies of successful institutions in the Gambia, Laos, Sierra Leone, and Timor-Leste.

Strategies for Reform in Fragile States and Low Income Countries

These findings are preliminary; and are organized in the same three groupings as the causal expectations—inner institutional workings, external operational environment, and broader socio-political context.

²⁴ George and Bennett (2005: 74-78).

²⁵ Case study guide (2011).

Internal institutional workings

The case study material provides support for the stated hypotheses regarding internal institutional workings. Highly performing organizations in FCS have resorted to a number of mutually reinforcing strategies to improve results and increase the efficiency of its internal management. We briefly describe some of the main examples documented in the study.

Identifying, attracting, and deploying skilled staff closer to clients

A common characteristic of the analyzed institutions is their ability to mobilize and build on existing skills, competitively recruit and train new employees, and retain staff in the medium and long term. Institutional autonomy in personnel management and pay scales enables agencies to attract and retain qualified personnel through competitive financial and non-financial benefits.

The stability of a core group of senior civil servants and managers has been crucial in maintaining the agencies' institutional memory and the ability to operate in an otherwise turbulent context and, in some cases, through the physical destruction of their facilities and systems. In Sierra Leone, the MoFED continued to function after the conflict reached Freetown in 1998-99 and its main building was after a coup d'état, thank to a core group of staff and local consultants that remained in the capital and preserved financial records and other critical information. After independence, Timor Leste's MoH rapidly built its structure and protocols around the qualified nurses and doctors who have been trained and employed by the Indonesian health services and religious organizations and who after the 1999 Referendum were still providing services to the population of their districts, either privately or through non-governmental organizations.

Retaining qualified staff has also been an important element of successful capacity building strategies and the downsizing of external consultants and project personnel in cases such as The Gambia's MoBSE and MoFEA, as well as the Central Bank of Timor Leste. The stability of staff has had a multiplying effect on the transference of skills and facilitated tapping on the knowledge and commitment of employees. Longer tenure of senior and middle managers has contributed to better implementation of reforms programs and allowed for more continuous leadership and greater accountability. The core group of staff that were trained and mentored in the Policy, Planning, and Budgeting unit in the late 1980s and early 1990s has been instrumental in realizing a wide range reform program in MoBSE throughout two decades. Three Ministers and two Permanent Secretaries came from that unit. Similarly, two core units of MoFEA, the directorate of Budget and the Accountant General's office (later transformed in the Treasury Department) enjoyed significant stability allowing for a rapid rollout of reforms related to the budget process and the recording and accounting system. In all these cases, external consultants have been progressively replaced by nationals and eventually by full time staff.

While access to training and international exposure has been important in attracting candidates, the ability to retain staff has been to a large extent a function of remuneration and benefits in the majority of cases. Public agencies, such as the Central Bank of Timor Leste and Electricité du Lao, offer salaries that much more competitive than those of other public entities. Nonetheless, in some cases, the above average remuneration scheme has been introduced through an ad hoc system or a collection of project-funded positions. An example of this is Local Technical Assistants in Sierra Leone's MoFED. While this flexible system has been critical in creating the current level of capacity in that institution, ensuring the continuation of operations during the conflict and allowing for a rapid scale-up of programs after the peace agreement, it has generated

inequality with career public servants and concerns about its long term sustainability as external funding has stopped.

More flexibility in pay schemes, whether through a different pay scale or the use of special (and sizable) allowances, has also permitted these agencies to deploy skilled staff closer to their clients, which in turn has helped institutions to better understand and meet their needs. MoBSE in The Gambia and MoH and MSS in Timor Leste have used hardship allowances, housing quarters, and local training opportunities to attract professionals to rural and remote posts. Other allowances, such as fuel and skill-based, have been used also by MSS in Timor Leste. In Sierra Leone, technical staff in Local Councils were recruited competitively and given a significant relocation allowance that makes their salaries higher than that of a Director in Freetown, thus providing a strong incentive to move to districts. Similarly, MoFEA in The Gambia has used a special allowance to encourage qualified accountants and technical staff to take positions in the line ministers and the agencies that the Ministry serves.

Measuring and rewarding performance

Many of the public agencies of the sample have instituted new processes to motivate people to improve their performance, along with the restructuring of work processes to better meet the organization's objectives. These range from fairly sophisticated 360 degree performance evaluation to 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, work measurement also provides a basis for planning and implementing service improvements and gives the staff information on their performance. In this manner, employees know senior management's expectations of them and know where they fit in the organization. Some of the

most sophisticated examples include MoBSE's performance management system, the Local Council staff evaluation in Sierra Leone, and EdL's bonus system in Lao. Perhaps in a less systematic way, performance appraisal has been cited as an important factor in the case of Local Technical Assistants working in MoFEA in Sierra Leone.

Defining outcomes and focusing on results

The key element of a focused mission is a customer-based orientation. Almost all of the analyzed agencies have a mission that is translated into defined outcomes and results. Clearly targeted and implementable goals, along with an early focus on implementation, have been an important building block of better organizational performance. The mission is easily identified by staff at all levels and relevant stakeholders. In most of the examples, institutions have also developed through participatory means strategic and mid-term plans.

Improving internal communication and employee participation

Similarly, all organizations in the sample held regular meetings at various levels, had organized communication, and information sharing systems. Both as a means of sharing information and increasing employee participation, consultations and regular communication have proved very important in improving performance. Through these, organizations are also tapping the knowledge, skill, and commitment of employees. 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 these means of communication as important for improving their morale and understanding of programs, as well as for giving them the opportunity to voice their concerns to senior management.

A remarkable example is provided by MoBSE in The Gambia. This institution introduced in the late 1990s a Coordinating Committee that met bimonthly with directors of all regions and included visits to front line staff and inspections by senior management. Over the next decade the Committee was expanded to include teachers, principals, partner NGOs and donors, as well as other relevant stakeholders. A similar example is the regular meetings that the senior management, including the Minister, of MSS in Timor Leste undertakes in each region of the country with all the staff of the involved districts.

Leadership and role modeling

Deliberate efforts to show, tell, and encourage values and assumptions by elected officials and technical management have played a significant role in shaping the organizational culture. In most cases, organizational leaders have been important in moving from troubled, control-oriented organizations to more participative 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.

At critical junctures, these leaders understood how political and historical trends related to their organizations goals and development and seized opportunities to advance their institution's agenda and role. For example, in Lao PDR, the leadership of the MPWT and EdL early on understood the critical importance of the road and electricity sectors in the government's modernization agenda and how the goals of their institutions would be compatible with elite incentives. As a result, they used that political space to build more independence in decision-making and leverage resources both from the government and from external partners. In Timor Leste, MSS and MoH leaders understood the importance that the response to the 2006 crisis

would have in the subsequent stability of the country and legitimacy of the government. While the government was completely shut down for two months, including the Ministry of Finance, these two institutions continued to provide services and became the de facto coordinators of domestic and external assistance and gain influence in future decisions.

In other cases, leaders have shown similar foresight and despite considerable external pressure decided to invest in long term capacity building, sometime to the detriment of immediate results and risking losing assistance. In MPWT, as well as in the case of the Central Bank and the MoH of Timor Leste, leaders decided early on to invest in building institutional capacity as opposed to relying on outsourcing or project management units, and thus set their organizations into a particular path.

In a number of other examples we observe a mix of rhetoric means and coalition building strategies through which leaders have lead change and institutional reforms. In The Gambia the leadership of MoBSE has played a significant role in both advocating for the sector, putting education in a higher position in the political agenda, and building internal and external coalitions to support the sector.

Building a Learning and Self-Evaluating Organization

Successful organizations allow employees to innovate and to take risks to find better ways to run a program, deliver a service, or create a product. The structure of a learning organization also provides staff with training and the right tools for policy implementation and to consider the evidence for different alternatives. As well, staff can use such tools to determine cost-effectiveness, monitoring progress, and measuring the service's quality. It contributes to focusing

on benchmarked progress and measurable results, incorporating ongoing learning through periodic reviews and adjustments, and terminating efforts that fail to achieve intended outcomes.

The early introduction of monitoring tools and development of analytical skills for self-evaluation has been an important feature of the positive institutional development, for example, in of Local Councils in Sierra Leone through tools such as the CLOGPASS and the National Survey on Perceptions, MoBSE in The Gambia with the introduction of database to measure education outcomes and teacher performance, MPTW in Lao PDR with the Road Management System, and the Central Bank of Timor Leste through the collaboration with the statistical bureau.

While these systems vary in their degree of complexity and sophistication, they have contributed to better targeting of resources, improving efficiency in service delivery, measuring client satisfaction, informing the development of standards, and collecting information about positive and negative outcomes. Beyond putting in place information systems, these organizations have actually linked the collection of information with the planning and policy development process to improve services and adapt strategies. At the same time, by giving employees opportunities for participation, learning, and change, it have also improved employee morale and motivation even when facing disappointing results. Realistically assessing human, financial, and institutional constraints has helped managers develop approaches for dealing with them.

Results oriented organizational culture and cohesive identity

People in an organization often share values, beliefs, norms of appropriate behavior, specialized language and symbols, and other patterns of thought and behavior. All these components of culture tell members of the organization how to perceive, think about and feel about something,

what to pay attention to, and what things mean. Organizational culture is commonly expressed in logos, symbols, rituals and ceremonies, and slogans that shape the physical and social environment of the organization.

In many of the examples, such as MoFEA, MoFED, the Central Bank of Timor Leste, leaders have established clear criteria for rewards and punishments by resorting to cultural messages and professional norms prevalent in the organization. They have developed formal statements of the organizations' philosophy and employed stories about events and people to reinforce key messages about history and aspirations of the organization, as in the case of EDL and MoBSE. In almost all cases changes in technology, structure, and design have been coordinated with measures and messages that sought to influence the organizational culture. In addition, in most cases the compensation policy—through bonuses, promotions, allowances to participate in consultations—has been aligned with such changes and it is supportive of them.

Organizational success, and the external recognition that it often entails, has generally been a very significant part of the culture and narratives prevalent in the studied organizations. The sense of collective accomplishment has contributed to reinforce the *esprit de corps* and the strong identification that staffs feel with the organization.

External operational environment

The environment of an organization includes all external elements that exist outside of its boundaries and have the potential to the entire organization or part of it. Environments can be supportive, hostile, or indifferent to agency and/or individual administrative activities. In the case of public agencies in FCS, the external environment is characterized by many of the same

challenges that low income countries face, but these are compounded by economic and political instability. Emerging from conflict or fragility, clustered and unpredictable change is a common characteristic of the organizations' environment. Most of the countries have recently undergone or are currently experiencing change in their political systems, legal frameworks, economic conditions, and other elements of the environment. In all the cases of this paper, the overall country context is one of dependence on external assistance to fund activities and/or access technical capacity, with most of the countries receiving significant shares of budget support.

In the case studies, we have found supporting evidence of most of the causal expectations related to the external operational environment. Public agencies that consult clients and adapt to their preferences, those that rely on external and inter-agency partnerships, and that benefited from donor coordination were more successful than those that did not. In the case of the hypothesis that stated that adopting form consonant with the local administrative and organizational culture will be relative more successful, the evidence is not conclusive. There are examples of both domestic and international isomorphism at play.

Listening to clients and stakeholders

Besides deploying staff physically closer to the clients and expanding the coverage of different services, the large majority of the organizations in the sample have reached out to clients to assess their needs and consult with them on different strategies and alternatives to prioritize them. Two exceptions are the cases of Lao PDR, in which clients express their views through a complex combination of informal networks and party channels. Clients of all nine organizations were consulted through representative focus groups, using poll results, and key informant interviews.

Increasing accountability and bottom up communication with end users appears to have had beneficial effects on the effectiveness of the programs and afforded the institutions a better understanding of clients' preferences. For example, besides having bimonthly visits from senior management to districts, MoBSE has introduced an integrated school management system in which Parent-Teacher Associations and mother circles are part of school managing boards and carry oversight over financial transactions and the implementation of the curricula. In addition, a community scorecard with education outcomes has been piloted in one of 6 regions.

Capturing clients' perceptions can be an effective tool for adjusting programs and interventions. Notably, as part of the implementation of the decentralization agenda, the government of Sierra Leone and its development partners have conducted a nationwide baseline and 4 bi-annual rounds of a National Services Perception Survey aimed at capturing citizen satisfaction about public services and trust on different levels of governments. Moreover, a National Survey of Stakeholders was conducted to complement the results, targeting traditional leaders. Even the ministries of finance in both The Gambia and Sierra Leone have held consultations with line ministries and regular informational sessions on the implementation of major reform program with stakeholders (legislators, civil society, clients), but with less consistency.

Adapting policies to informal institutions

The cases studies have highlighted examples in which success has been attained by adapting services and leveraging informal institutions to reach clients.

One example is the social dialogue program in Timor Leste, which was initially created to facilitate the return of displaced populations after the 2006 crisis²⁶ and resolve risks of conflict, dealing with emerging problems such as violence between martial arts groups, and related to land and cultural disputes. The innovation is that the social dialogue model works in partnership with the community leaders and using traditional dispute resolution methods such as the Nahe Biti Bo'ot and Lia Na'in elders. Nahe Biti Bo'ot is mostly used where there are ongoing family relations. The use of these familiar mechanisms has allowed MSS to have significant achievements in a very short period of time and to secure the trust of the population. More and more communities are requesting MSS' services and resorting to the social dialogue process.

Similarly, in The Gambia MoBSE has collaborated with religious and community organization in tailoring the curricula of basic education, introducing local languages, and using the madrassa system to reach a wider swath of the population. Local community leaders and women groups have also contributed to identify children, especially girls, not enrolled in the system.

Mobilizing financial resources and displaying results

A common characteristic to all of the examined institutions is that they have been successful in mobilizing financial resources to fund their mandates, and in some cases to expand the number of activities that they undertake. The cases, in particular MPWT and EDL in Lao PDR, MOBSE in The Gambia, receive significant share (above a fifth) of the national budgets and the external assistance. Even in the cases where the share is least sizable, the resources of the agencies have

²⁶In April 2006, a year after the UN security forces withdraw from Timor Leste, violence broke between elements of the military and later expanded to a coup attempt and general violence in Dili. The scale of the violence led already traumatized civilian population to flee and seek refuge in camps. More than 150,000 individuals were displaced and more than a hundred buildings destroyed. The rebel soldiers remained in the hills above the capital, where they engaged in sporadic combat with FDTL forces over the next several weeks.

continued to increased, and they are regarded by other similar agencies as well resourced and having the possibility of affording more capable personnel.

The ability to signal effectiveness, report results, and obtain external recognition has been a critical aspect of the mobilization of resources. The fact that many of these organizations have at least basic monitoring and data collection systems allows them to document their activities and achievements and show decision makers that financial resources are being well spent.

In some cases, the mandates of the organization, such as the case of the energy and road sectors in Lao PDR, bringing the state closer to the citizens in Sierra Leone, or social inclusiveness in Timor Leste, have been identified by the elites of the country as critical for the development of the country and its social stability. The consistent financial support of these sectors steams from an alignment of organizational goals with overall political goals of the governing group.

Moreover, the increased funding of certain sectors and institutional strengthening have been the result of global initiatives such as the Millenium Development, Education for All, and the Fast Track Initiative that have increased the visibility of certain goals and help mobilize resources and technical assistance. Countries that were already undertaking reforms in these areas could take advantage and further improve their results. Yet in other cases, the additional funding relates to the fact that the agencies at hand are seen (by the government and donors) as critical for the overall government functioning, as in the case of central banks, revenue collection agencies, and ministries of finance.

Managing principals, creating space within the political economy context

The dynamics of accountability relationships are invariably complex because they involve providing answers that will satisfy multiple, diverse, and sometime contradictory expectations. In addition, accountability relations vary over time. Organizations need to manage demands from a number of groups that provide support. The heavier the dependence of the organization on particular source of resources is, the more influential the demands are. Despite the fact that there is interdependence between the organization and the actors that provide the resources, such relationship is fundamentally asymmetric.

Yet, to some extent, these public agencies have managed demands from external actors by buffering, reducing, shifting, distributing, and minimizing them. They have also effectively advocated for the interest of the organization and guided principals' coordination. Some of the strategies that have been identified in the case studies include proactively informing principals, driving coordination mechanisms, and building domestic and external coalitions behind the reform agenda.

In most cases, the political leadership of the organization has played an important role in translating technical concerns and challenges to decision makers and vice versa, as well as creating sufficient space for staff to make decisions based mainly on technical grounds. The ability of senior officials and managers to speak different languages (political, technical, and hierarchical) has been critical in furthering the institution's development.

Signaling competence by adopting international standards and systems

Organizations within a field tend to adopt increasingly similar models. As Meyer and Rowan (1977) explain that formal structures have symbolic as well as action-generating properties. Structures can become invested with socially shared meanings both for internal and external audiences. DiMaggio and Powell (1983) identify three mechanisms through which similarity or isomorphic change are disseminated, i.e. coercive, mimetic or normative change. Coercive isomorphism result from both formal and informal pressures exerted on organization upon which they are dependent and by cultural expectations in the society within which organization function. Mimetic process occurs when organizations imitate other to reduce uncertainty; organizations imitate others that appear to be successful. Normative isomorphism stems primarily from professionalization and beliefs about the proper structures. Diffusion of ideas can also occur thanks to personnel transfer and school training that creates uniformity.

The case studies offer multiple examples of how organizations have adopted similar models as organizations in the same sector in other countries. For example, ministries of finance throughout West Africa have very similar structures, MoH and MoBSE have comparable organograms as other specialized ministries elsewhere and the content of their program is fairly similar to that of other countries receiving assistance for a certain set of development partners. The Central Bank of Timor Leste was initially modeled after that of Kosovo and later it has incorporated elements that are considered ‘best practices’ for central banks and bank supervisory agencies. EdL has replicated in the generation side, the model of the Thai electric sector.

Whether adopting similar forms as agencies in other countries has contributed to greater effectiveness or not is difficult to determine with our sample. Nonetheless, it is clear that adopting certain organizational forms has constituted an important signal for funding agencies

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 further the institutions' interests or effectiveness. In addition, in many cases, isomorphism is the result of the specialization of international agencies providing technical assistance in a given area, as well as of the professional norms of given groups within the organization.

Donor coordination and stability of counterparts

Many of the analyzed institutions have benefitted from informal and formal donor coordination. Such coordination was driven in many cases by the organizations of the study, either by assigning donors different regions or sectors. Environments in which donors have harmonized programs or at least reached a division of labor impose less transaction costs and contradictory demands on public managers.

Remarkably, in many of the cases, there has been considerable stability in the staffing of teams in the international organizations' teams assigned to these institutions. In some cases, task team leaders and mission members have work very closely with the teams within the organization, carrying task well beyond advisory or supervisory roles.

Socio-political and historical context

Additionally, while organization and management theory have made important contributions to the understanding of internal structures and processes and the relation between the organizations and their environment, less attention has been paid to the relationship between organizations and the broad social system in which they are rooted.

Building resilience and legitimacy by reaching a wide swath of the citizenry

All institutions in the sample have expanded the scope and coverage of the services they provide. In particular, they have undertaken efforts to bring services to difficult to reach populations. In turn, providing access to services and adapting interventions has helped organizations to increase their legitimacy and manage external shocks.

The context regarding social cleavages is different from country to country; the commonality is that the studied public agencies have sought increase the equality in opportunities to access public services across geographic areas and reach vulnerable groups. They have done so through innovative means of catering to the needs of these groups. For example, the MoH in Timor Leste has created a mobile clinic service called SISCA that visits remote areas once a month. The Ministry has also recruited local volunteers to visit every household in these remote villages and verify that they are attaining the services they require. These campaigns have been important in promoting service seeking behaviors. Correspondingly, MSS has recruited social animators that disseminate information about the programs and help families gather the documentation that families require to qualify for the benefits of various cash transfer programs.

Sierra Leone's local councils have been designed to reach districts that historically have been cut off from public services, while increasing bottom up accountability and adapting to the varying preferences of different ethnic groups. This has been done with the support of that country's ministry of finance, which saw this reform as important in the ability of the government to improve service delivery on the ground. MoBSE in The Gambia has created mobile schools, adapted school facilities to hold girls, hired more female teachers, and created an integrated curriculum for madrassas.

Managing informal political bargains

Carefully managing informal political bargains has been crucial in the obtaining support from principals of the organization. We discussed some of the strategies that leaders have used in the previous section.

Emerging conclusions

The structure focus comparative method has allowed us to more systematically test some of the hypotheses or causal expectations that individual case studies have pointed to before. One of the aspects that conducting such comparative work has highlighted is the importance of looking at institutional success as the result of a constellation of factors across all three dimensions of the organization, especially related to how the organization connects with its broader external operating environment and social context. Whereas there are factors that can be identified as necessary conditions, such as sufficient funding and human capital, it is clear that no single element is necessary and sufficient for institutional success.

Furthermore, the study has highlighted the importance of looking institutional development as a long term process as institutional success is not linear, but a dynamic, evolving process. Better understanding the history of institutions and how the individuals that form them evolved with it is critical to designing better interventions and institutional strengthening programs. Frequently, development partners limit their engagement to elected officials or formal leaders, without reaching out to informal leaders and critical groups of career civil servants, which in fragile situations are particularly relevant.

Better grasping how institutions forge domestic and external coalitions for change can also inform more comprehensive external support to aid those efforts. The cases also attest to the importance of donor coordination and stability in the counterpart teams. A challenge in fragile situations is that it is often difficult for development partners to maintain stable teams on the ground; however, more emphasis should be put on longer term planning for programs and continuity in staffing through changes in programming and career incentives. Lastly, most of the cases offer important lessons about how effective combining short term and long term capacity building strategies can be. Short term strategies guarantee early successes on which the institutions can build longer term programs and attract more resources and support.

Annex - Table 1: Causal expectations in nine public agencies.

Causal expectations	Local Councils (Sierra Leone)	Ministry of Finance and Economic Development (Sierra Leone)	Ministry of Basic and Secondary Education (The Gambia)	Ministry of Finance and Economic Affairs (The Gambia)	Central Bank (Timor Leste)	Ministry of Health (Timor Leste)	Ministry of Social Solidarity (Timor Leste)	Electricité du Laos (Lao PDR)	Ministry of Public Works and Transport (Lao PDR)
Internal institutional workings									
• Early articulation of a succinct mandate , along with focused policy and planning to achieve that vision , increases the probability of results delivery in the short term.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Institutions that adopt a building-block approach , first focusing on high-specificity tasks (those that are more technically specialized, monitorable, and accountable) have higher odds of success.	Yes		Yes	Yes	Yes	Yes			Yes
• Leadership —whether by an individual or a group—that emphasizes problem solving and an <i>esprit de corps</i> enhances institutional success.			Yes		Yes	Yes	Yes	Yes	
• Agencies that structure individual tasks appropriately and prioritize individual motivation will be better able to marshal human resources in achieving results.	Yes	Partially	Yes	Yes	Yes	Yes	Yes	Yes	
• Performance management processes improve the chances of institutional success in two ways:	Yes	Partially	Yes		Yes	Yes	Yes	Yes	
○ Organizations with clearly defined performance expectations will be able to drive toward results in a focused manner, with built-in internal accountability.	Yes	Partially	Yes		Yes		Yes	Yes	Yes
○ Institutions that have built-in mechanisms for monitoring and evaluating programs and hold regular public consultations are more able to correct policies—improving results and building legitimacy.	Yes		Yes				Yes		
• Institutional autonomy in personnel management and pay scales empower agencies to attract and retain qualified personnel at all levels and thereby enhance performance.	Yes	Partially			Yes			Yes	
• Institutions that maintain a constant emphasis on learning and adaptation will be more likely to succeed durably and respond to challenges in operation.	Yes		Yes		Yes		Yes		
External operational environment									
• Agencies that strategically manage their interactions with stakeholders (including political and bureaucratic principals, partners, and clients), maneuver within the broader institutional context, and manage external risks, enhance their institutional legitimacy and durability/resilience.		Yes	Yes	Yes	Yes		Yes	Yes	Yes
○ Mechanisms of external accountability help to manage stakeholder relationships and focus them on institutional success.	Yes	Yes	Yes	Yes	Yes			Yes	Yes
○ Institutions that are accountable to multiple principals are more likely to produce results in a durable fashion.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Agencies will be more successful if they are adept at using both formal and informal means to reward allies, sanction opponents, secure stakeholder support, gain access to public resources, etc.			Yes				Yes	Yes	Yes
• Institutions that emphasize consultation with the client and adaptation to the client’s socio-cultural reality will be more likely to succeed.	Yes		Yes	Yes	Yes		Yes		

○ A consistent program of public outreach can be invaluable in building legitimacy, hearing the needs of clients, and adapting implementation as necessary to continue achieving success.	Yes		Yes		Yes	Yes	Yes	Yes		
• Institutions achieve success by purposefully managing their inter-agency interactions , especially with central fiscal and human resource bodies.		Yes	Yes	Yes	Yes		Yes	Yes	Yes	
○ Institutions that have a seat at decision-making tables (e.g., cabinet, executive government) and can advocate for the agency in budget and staffing negotiations, for example, will be relatively more successful.		Yes		Yes	Yes			Yes	Yes	
• Institutions that rely on external and inter-agency partnerships are able to increase the scope, legitimacy, and stability of their programs.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
• Agencies that innovate in institutional form in ways to be more isomorphic with the local organizational culture and social norms will be relatively more successful; while those that rely on imported organizational models that conform to international norms will be relatively less successful.							Yes			
• Donor coordination and regular exchanges facilitate institutional success by reducing the transaction costs associated with assistance, allowing institutions to pursue clear policy priorities and more effectively channel technical and financial aid.	Yes	Yes	Yes	Yes	Yes			Yes	Yes	
Socio-political and historical context										
• Agencies that adapt their mandates and strategies to the distinctive cultural, social, political and historical features of their country are more likely to be legitimate and successfully deliver results.			Yes			Yes	Yes			
○ They help political elites reach their goals , understanding the incentives structured by the broader institutional framework.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
○ It will be as important to negotiate traditional forms of power or authority as the more formal socio-political structure.			Yes		-		Yes	Yes	Yes	
• Public institutions that carefully manage informal political bargains —particularly through judicious control of rent flows—will be more likely to succeed.		Yes	Yes	Yes			Yes	Yes	Yes	
• Successful institutions improve their legitimacy and durability/resilience by reaching a wide swath of the citizenry across the divides of politics, ethnicity, class, and gender.	Yes		Yes			Yes	Yes	Yes	Yes	
○ This includes providing services to previously marginalized and vulnerable groups (be they ethnic, geographic, religious, political, etc.).	Yes		Yes			Yes	Yes	Yes	Yes	
• Successful institutions take advantage of positive feedback loops , both within and surrounding their operational context.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
• Similarly, agencies that are able to deal effectively with setbacks and respond to challenges and stresses are more likely to be durable and continue to achieve results—because institutional success is not linear, but is rather a dynamic, evolving process .		Yes	Yes	Yes		Yes	Yes			
○ Successful institutions will reduce vulnerability to both domestically and internationally induced stresses in the socio-political context.		Yes		Yes		Yes	Yes			

End notes

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