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978-1-107-01633-0 - The Limits of Institutional Reform in Development: Changing Rules for Realistic Solutions

Matt Andrews

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THE LIMITS OF INSTITUTIONAL REFORM IN DEVELOPMENT

Billions of dollars of institutional reforms have been introduced to improve governments in developing countries. Unfortunately, many governments remain dysfunctional despite these reforms. This book asks why reforms seem to have been limited and how they can be improved to yield better results in the future.

In answering the questions, the book argues that reforms face limits when they are introduced as short-term signals to make governments look better, not as realistic solutions to make governments perform better. Reforms as signals introduce unrealistic best practices that do not fit developing country contexts and are not considered relevant by implementing agents. The result is a set of new forms that do not function.

Reforms are not always subject to such limits, however. Realistic solutions are emerging from institutional reforms in some contexts and are yielding more functional governments in the process. Lessons from these experiences suggest that reform limits can be overcome by focusing change on problem solving, through an incremental process that involves multiple agents. The book combines these lessons into a new approach to doing institutional reform in development, called problem-driven iterative adaptation (PDIA). It suggests that PDIA offers a better way of fostering reform to governments across the developing world and beyond.

Matt Andrews is an Associate Professor at the Harvard Kennedy School and a Fellow at the School's Center for International Development. His work has appeared in journals such as *Governance*, the *International Public Management Journal*, *Public Administration Review*, *Oxford Development Studies*, *Public Administration and Development*, and the *Journal of Development Studies*. Professor Andrews was previously a World Bank staff member and prior to that he supported various government leaders in South Africa during the transition from apartheid. He has worked in more than twenty-five developing and transitional countries. Professor Andrews received his PhD from the Maxwell School at Syracuse University.

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Acknowledgments

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Preface

This book emerged in response to mounting evidence that institutional reforms in development often do not work. Case studies and multicountry analyses show that many governments in developing nations are not becoming more functional, even after decades and hundreds of millions of dollars of externally sponsored reforms. These studies increasingly suggest that disappointing results cannot be explained by routine excuses, either. One cannot simply blame governments in these countries for not doing reforms, because many governments remain deeply dysfunctional even after many satisfactorily completed projects introducing best practices advocated by international organizations. The work on institutional reform in development has seldom explored reasons for failure beyond such excuses, however. This has created a gap in the literature, which is important from academic and practical perspectives. The academic challenge is to see if theory and evidence can help promote a better understanding of why many reforms do not lead to better governments. The practical imperative is more fundamental: Can a better understanding of past experience help improve the likelihood of more institutional reform success in more developing countries in the future? Driven by these questions, the book seeks to provide a product that is useful to academics and practitioners in the development field. It combines ideas from various streams of institutional theory to analyze a diverse set of institutional reform experiences. This analysis yields an argument that reforms are limited when governments adopt them as signals to garner short-term support. Such reforms are often unrealistic; they may produce new laws that make governments look better, but these are seldom implemented and governments are not really better after the reforms. The analysis points to examples where reforms are not simply

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adopted as signals, however, and have helped make governments more functional. These experiences inform an alternative approach to doing institutional reform called problem-driven iterative adaptation (PDIA), which yields realistic reforms that actually produce better governments over time.