# The 10 Principles for Supporting Long-term Institutional Development in Ethiopia

# INTRODUCTION

Public institutions have a central role to play in implementing the ambitious economic reform programme in Ethiopia. However, there is a widespread recognition that too often technical support to public institutions had been short-term gap-filling, at the expense of building stronger institutions for the long-term.

In response to this, in March 2020 the Ad-hoc Working Group on Institutional Development developed 10 'guiding principles' for supporting long-term institutional development in Ethiopia. These were endorsed by the government and development partners.

This document provides further guidance and inspiration for development partner staff on how to operationalise these guiding principles, and suggestions for further reading for those that wish to learn more. It is accompanied by a similar guidance document for government partners.

We hope you find it useful when planning and implementing your institutional support projects.

**The Institutional Development Working Group**

# CONCEPTION STAGE

When programming institutional development assistance, the conception phase should focus on defining the overall objectives of the assistance, and determining an appropriate approach – which may sometimes require adopting a 'best fit' rather than 'best practice' mindset.

For programming purposes, the following two key principles may assist practitioners:

**1** — *Understand both formal and informal incentives when working with public sector reform and planning assistance*

"Working with the grain" is essential for setting and achieving realistic goals for change, and is the focus of a number of newer approaches to institutional development – such as 'Thinking and Working Politically'. At the heart of these approaches is the notion that change is inherently political – and those promoting changes to the status quo need to understand different actors' incentives and disincentives to support those changes.

In understanding these dynamics, and spotting where opportunities for change might exist, **practical steps practitioners can take include:**

**Analysing the enabling environment:** Tools frequently used by practitioners include Power Analysis, Political Economy Analysis and Drivers of Change. While each tool differs somewhat, they can help map existing power relationships, and informal 'rules of the game'. Initial analysis should be followed by regular and informal political analysis of the changing context during implementation.

**Analysing the organisational level:** SWOT Analysis, GAP analysis and other organisational assessment tools are frequently used to help highlight the strengths and weaknesses of organisations. Ideally this analysis should take into account the views of frontline staff and external stakeholders.

**Individual-level analysis:** While conducting analysis on individual capabilities and competencies is important, equally as crucial is understanding social and cultural influences that can impact on how individuals function within an organisation, and what can drive them to support, block or simply ignore reforms. Talking to the staff who are expected to implement the reforms is therefore critical.

# CONCEPTION STAGE

**2**    *Always provide context-specific assistance to support country-owned and locally-led change*

Local ownership and leadership are central to identifying the right problems and priorities, as well as achieving sustainable results. Increasingly, thinking on institutional development points to the role of external actors as **facilitators** of locally-led change, with donor-led initiatives less likely to gain traction when domestic stakeholders are not leading the agenda.

**Some considerations for practitioners to consider include:**

**Acknowledge and support government's leadership when it emerges,** and make use of successful existing government programs to reinforce a country's policy ownership.

**Alignment with government priorities:** Institutional development programming that is linked to development goals outlined in formal national development plans or sector strategies, or issues of particular interest of political leaders, are more likely to gain traction.

**Avoid contributing to capacity depletion:** Elements such as low remuneration, politically- influenced recruitment and promotion, inappropriate staffing levels and inadequate tools and facilities have been identified as contributing to capacity depletion. Development partners should ensure their programmes support broader civil service reforms and consider how their programmes might be inadvertently contributing to the demotivation of civil servants by e.g. paying too high salaries to embedded advisors.

**Participatory governance structures for programmes** help reinforce stakeholder commitment to change, and serve as fora for discussion on ways that programmes can be amended to stay relevant to domestic needs.

*Suggested further resources: Bridges and Woolcock (2017). 'How (not) to fix problems that matter : assessing and responding to Malawi's history of institutional reform'.*

# PREPARATION AND DELIVERY STAGE

During preparation stage a series of more specific design and delivery questions should be examined, for the purpose of determining the most appropriate modality for delivering support. Capacity strengthening in one or few organisations is most frequently the operational objective for many institutional development programmes, although increasingly practitioners have argued for alternative approaches such as problem-driven programming.

**Suggested further resource:** *Nastase, et al (2021).* *'Technical assistance: a practical account of the challenges in design and implementation'*.

**3** — **Ensure a prioritised and sequenced approach**

Institutional development interventions must be tailored to the existing capacities of recipient institutions, to avoid putting too much pressure – too quickly – on institutions; even in instances where there is a 'window' for major reforms.

Both prioritisation (i.e. which reforms or initiatives are the most important to deal with current challenges) and sequencing (which reforms should be initiated first, and which ones may then follow) are equally important, to prevent overloading the system.

**To consider:**

Aim for a programmatic strategy that combines **short-term visible results**, in order to build the public's trust in government – and stakeholders faith in the intervention – with **longer-term objectives**, which can take sometimes decades to achieve.

**4** *Consider different entry points and multi-actor processes, including both public sector ('supply-side') reforms and external ('demand-side') initiatives*

Achieving meaningful reform usually entails working with multiple institutions, and facilitating cooperation between different types of organisations. Despite this, many reform programmes often only work with one counterpart, with progress stalling when changes in policy or practice end up stuck with 'another institution'.

Similarly, reforms that are driven by state actors may overlook other stakeholders' contributions, or lose sight of the needs of end-users. Private sector firms or citizens intended to benefit from new services are well placed to provide feedback on whether the proposed reform meets their needs, and can also assist in making adjustments.

**Some considerations for development partners to consider include:**

➤ **Adopting a systems approach**: In addition to engaging a broader landscape of actors for the purpose of supporting reform, a systems-led approach can allow programmes to shift resources and focus between institutions, as priorities, leadership and momentum for change ebbs and flows between targeted institutions.

➤ **Working with demand-side actors**: Support demand for public sector capacity improvements within the country, for example through cooperating with rights-based movements focused on particular aspects of government performance or finding ways to bring the views of the end-users to the surface.

➤ **A focus on critical institutions**: Prioritising organisations whose enhanced performance will have important multiplier effects on a larger number of organisations – or national economy as a whole – can often make sense. The case of the Rwanda Revenue Authority is particularly illustrative; a domestically led 6-year reform process has entailed the formation of a high performing-organisation, helping to increase revenue generation from 9.5% to 13% of GDP.

➤ **Align with cross-cutting objectives:** Ensuring that the programme also promotes cross-cutting objectives such as gender equality, social inclusion or environmental protection will expand the number of supporters of the reform and increase its impact.

# PREPARATION AND DELIVERY STAGE

## 5   *Facilitate processes of change rather than just providing technical solutions*

Government and development partners often focus narrowly on the provision of technical expertise or material resources to support reforms.

However, institutional development is ultimately about behavior change; encouraging public servants to work differently, and enabling citizens or firms to adopt new expectations about what the state can, or cannot, provide and how to hold it to account.

**In turn, practitioners should keep in mind:**

**Efforts to support change leadership** can often be perceived as secondary to technical solutions, but they are more likely to ensure that reforms are well suited to the local context and that there are a range of allies who can support them.

Subsequently, alongside providing technical expertise, actors should seek to facilitate the development of 'collective leadership' around reforms. **Possible means of doing so can include**: awareness raising, public debates, consultation processes, coalition building, networking, research and the provision of evidence and other ways of supporting 'collective leadership'.

*Suggested further resources:*
- *McKinsey (2011). 'Deliverology: From Idea to Implementation'.*
- *Kotter, John. 'The 8 Step process for leading change'.*

# PREPARATION AND DELIVERY STAGE

**6** *Consider whether whole-scale reform or 'pockets of effectiveness' are more appropriate objectives, and how Problem-Driven Iterative Adaptation (PDIA) can be used.*

The traditional approach to building state capabilities is offering a 'blueprint' model, for example from another country with different norms and values.

However, the last decade has seen the emergence of new ways of thinking on how public sector change happens. Particularly prominent have been the adoption of approaches such as 'adaptive management', in addition to 'problem-based' approaches to resolve specific issue/s – mostly notably Problem Driven Iterative Adaptation (PDIA).

'Pockets of Effectiveness' approaches build on the idea that, inside any public organisation, there will be higher performing teams that can be supported to scale up their work, even when possibilities for broader reforms are limited.

**Key elements of PDIA include:**

➡️ **Emphasis on upfront exploration of the main problem(s)** to be addressed, and drawing the attention of key stakeholders to these problems

➡️ The fostering of an authorising environment that facilitates **positive deviance and experimentation** – enabling actors to test solutions, evaluate, and adapt, with the programming a process of continual experiential learning. Failure also provides opportunities to learn and adapt.

➡️ **The engagement of a broad sets of agents in reforms,** for the purpose of ensuring that reforms are viable, legitimate and relevant—and fundamentally led by domestic reform champions

*Suggested further resources:*
*Escaping Capability Traps through Problem Driven Iterative Adaptation (PDIA)'.*

'*Learn, Iterate, Adapt*' *(recorded seminar).*

'*Patchwork Leviathan: Pockets of Bureaucratic Effectiveness in Developing States*'.

# PREPARATION AND DELIVERY STAGE

## 7 *Avoid stand-alone trainings*

Training individuals is often a tempting response to perceived capacity gaps, as it is a concrete and relatively short-term activity. While trainees may appreciate new learning opportunities, and stand-alone trainings can – if designed correctly – serve to impart crucial skills or knowledge, there are often many documented drawbacks.

For example, courses may have been badly designed and not meet priority learning needs, may not adopt adult-learning methodologies, or be devoid of context, with individuals unable to apply their new skills when they return to work (e.g. they don't have the required ICT systems or material resources; or managers and colleagues may resist new ways of doing things because they reduce opportunities for discretion).

**Tangible steps that can be taken to facilitate skills development include:**

- **A focus on 'learning-by-doing':** with capacity building centred on the transfer of technical skills tangibly linked to the current tasks of a given individual or group

- **Move from one-off short trainings to supporting training plans/longer term staff development,** built on a deeper understanding of current capacities and staff roles. Build in post-training follow up to assess whether training has been useful in the person's role.

- **Institutionalise training** by working with in-house HR/training departments or conducting activities jointly with national capacity building institutions (Insitutes, Universities, civil service training bodies) and handing over ownership of the materials when complete.

- **Focusing on teams or groups**, rather than individuals, may be more beneficial for inducing sustainable organisational change, and minimise the potential impact of human capital flight to other sectors

- **Increased focus on organisational context**: for example, a focus on available on resources, incentive structures, and existing skills

# PREPARATION AND DELIVERY STAGE

**8** *Consider different types of technical cooperation beyond technical advisers, which are identified, procured and managed by those who will benefit from the assistance*

Know-how is often provided through individual technical experts, short-term or long-term, national or international. These advisers are recruited for their technical skills and because they can supplement local capacities. Donor-instigated project implementation units or external advisers, while getting the immediate job done, may undermine the ability of organisations to learn by doing and can also decrease the morale of civil servants whose career opportunities are blocked.

**In addressing this issue, measures to be adopted may include:**

**Make use of variety of ways of providing technical cooperation**: including coaching, mentoring, peer to peer exchanges, twinning or institutional partnerships, south-south cooperation, synthesising/learning from other relevant experience from other countries.

When providing advisory or analytical support, **work with government-owned technical taskforces** to contribute to fostering both learning and ownership, and increase the likelihood of the reform initiatives being implemented in the long-term.

If PIUs and technical advisers are a must, the **capacity enhancement of local staff should be an explicit objective of any technical experts deployed**, with an exit strategy in place to allow the effective hand-over to national counterparts.

Explore if non-governmental actors in the **private sector and civil society can be sources of capacity** to complement and improve the effectiveness of the public sector.

# PREPARATION AND DELIVERY STAGE

## 9 Build flexibility and adaptability into institutional reform

Rigid external assistance programs with pre-determined workplans and budget execution rates, which cannot be easily adjusted, are ill-suited to the dynamic and exploratory nature of supporting public sector reforms. Programmes therefore need to be 'flexible' as the context changes and new opportunities emerge, continously adapting to new evidence and learning, whilst keeping the overall objective or problem to be solved as a guiding light.

*Suggested further resources:*
- *Laws, Ed. (2018). 'Thinking and working politically in Somalia: A case study on the Somalia Stability Fund Ed Laws' (ODI).*
- *Booth, D. and Unsworth, S. (2014). 'Politically smart, locally led development'.*
- *Laws, Ed et al (2021). 'LearnAdapt: a synthesis of our work on adaptive programming with DFID/FCDO (2017–2020)'.*

Those implementing programs should be able to adjust plans and resources without too many bureaucratic delays, and be encouraged to take reasonable 'small bets' on activities that may generate significant results but may also not work as hoped.

As with public service reform more generally, a higher level of risk and degree of autonomy has not always been feasible as development organisations face other incentives – to spend their budgets within set timeframes or demonstrate results as originally planned.

Practical steps funders can take to mitigate against this include adopting longer-term budget horizons, including project components that support emerging initiatives not foreseen in the preparation phase, shifting from a rigid log-frame matrix approach, and fostering an agile authorising environment.

# MONITORING AND LEARNING

## 10 Invest in ongoing monitoring, evaluation and learning based on an explicit theory of change and theory of action

The objectives of monitoring and evaluation are to learn what works and what doesn't work, and most importantly: why. In doing so, practitioners can continually improve practice and promote accountability for results among reform stakeholders.

The monitoring of institutional development programmes should ideally occur at all levels of an institution: individual, organisational, and institutional/enabling environment-level. Experiences show that institutional development support can be particularly challenging to assess, as it can be difficult to trace how improvements in 'back office' functions (e.g. through training schemes or new systems and processes) have an influence on 'front line' service delivery improvements.

**In meeting challenges, key elements to be adopted are:**

**The adoption of clear outcomes for interventions,** a 'theory of change' (which sets out how change is expected to occur) and a 'theory of action' (which explains the mechanisms through which this change can be supported by development partners, through the provision of assistance)

**Continually monitor the assumptions made about how change will occur,** by collecting and disseminating useful and timely evidence. Ideally, domestic organisations themselves (and not just development assistance programs) should collect this evidence, with reform leaders driving the process of adjustment.
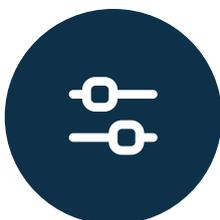
**Periodically alter the approach adopted as new evidence comes to light,** with regular reflection and learning exercises institutionalised as part of the implementation process