

Administrative Reforms and Policy Capacity in Asia: an Analysis of ADB's Public Sector Management Projects

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ABSTRACT

The past 30 years witnessed massive shifts in administrative systems all over the world, but the literature lacks consensus on how to successfully carry out reforms. In Asia, the diversity of economic advancement and varying roles of the bureaucracy in society offer a unique opportunity to examine different approaches to administrative reform. Based on this diverse experience, capacity has emerged as a universal area of concern in administrative reform, particularly for developing Asia. As Farazmand (2002) noted, reforms in developing countries “may involve a number of structural and process changes and improvements...by building the technical, professional, and administrative management capacity”. These capacities remain poorly studied, and little research has been done to guide policymakers on how to conduct administrative reform.

This study seeks to fill this gap by conducting a qualitative analysis of 20 Project Validation Reports (PVRs) of Asian Development Bank (ADB) projects tagged as Public Sector Management. PVRs are independently verified versions of a project's achievements of outputs/outcomes by operations staff. These were coded and analyzed to explore the nature of how capacity is embedded into the discourse of administrative reform in development projects financed by international financing institutions (IFIs), like the ADB. It does this by answering the following specific research questions: How is the concept of capacity important in administrative reform? What are the critical capacities typically identified as contributory to the success or failure of administrative reform? By refracting ADB's experiences in managing such projects through the lens of capacity, a set of skills and resources critical for administrative reform was derived and categorized as analytical capacity, operational capacity, or political capacity. Cluster analysis identified five clusters that represented the interrelationships between the capacities: multi-stakeholder ownership, context-driven planning, coordination risk assessment, instrumental political support, and institutional support. The findings suggest that the set of skills and resources necessary for

a successful administrative reform should not be seen as discrete components. Rather, interactions of these critical capacities can attenuate or accentuate the effectiveness and success of public sector management projects. This study contributes to the literature on evaluation of development aid specifically for administrative reform. It also hopes to provide implications for how development projects meant to improve administrative systems should be carried out by IFIs and governments.

Keywords: Administrative reform, Policy capacity, Asia, International development

INTRODUCTION

Administrative systems in a changing world

The past 30 years witnessed massive shifts in administrative systems all over the world (Farazmand, 1999; Polidano and Hulme, 1999; Kickert, 2012; Sarapuu, 2012), but the literature has not reached a consensus on how to successfully carry out reforms. In Asia, the diversity of economic advancement and varying roles of the bureaucracy in society make it hard to derive any discernible trend in the motivations and status of these administrative reforms. Governments have been found to approach reforms as a response to failures in creating or maintaining a Weberian bureaucracy, which varies from one country to another (Cheung, 2005). As lamented by Hill (2013), “it is difficult to generalize across a highly diverse set of institutional circumstances, development stages, and policy issues”. As a result, little systematic evidence exists showing the success or failure of administrative reforms in Asia.

Despite this diversity of experiences, capacity has emerged as a

universal area of concern in administrative reform, particularly for developing Asia. Drawing on the East Asian ‘miracle’, various scholars have stressed state capacity in overcoming social and political constraints to economic development (Evans, 1989; Kohli, 1994; Polidano, 2001). As Farazmand (2002) noted, reforms in developing countries “may involve a number of structural and process changes and improvements... by building the technical, professional, and administrative management capacity”. These reforms are meant to bolster public service capacity for development administration, but the process of designing, advocating, and implementing administrative reform requires a core set of capacities to become effective. What these capacities are remain poorly studied and little research has been done to guide policymakers on how to affect administrative reform.

This study seeks to fill this gap by conducting a systematic analysis of the successes and failures in designing and implementing public sector reforms in Asia. It explores the nature

of how capacity is embedded into the discourse of administrative reform in development projects financed by international financing institutions (IFIs), like the Asian Development Bank. Specifically, it refracts ADB's experiences in managing such projects through the lens of capacity to derive a set of skills and resources critical for administrative reform and to elucidate the interrelationships of these critical capacities. It does this by answering the following specific research questions: "How is the concept of capacity important in administrative reform? What are the critical capacities typically identified as contributory to the failure or success of administrative reform?" In doing so, it contributes to the evaluation of development aid specifically for administrative reform. It also hopes to provide implications for how development projects meant to improve administrative systems should be carried out by IFIs and governments.

Policy capacity for administrative reform

Public management reform is a permanent fixture for much of the developing world. Administrative reform refers to the "process of changes in the administrative structures or procedures within the public services because they have become out of line with the expectation of the social and political environment" (Chapman and Greenway, 1980). It is often associated with the kind of modernization that involves social and economic transformation (Farazmand, 1999),

typically used as a conditionality for promoting growth and poverty reduction in developing countries (Grindle, 2004). IFIs like the World Bank and ADB have targeted the civil service through administrative reform, because of its imitable role in driving economic development, but its capacity is perceived to be constrained (Nunberg and Nellis, 1995).

While various models suggest different strategies for undertaking administrative reform (Peters, 1992), extant literature suggests success of the reforms to be a function of implementation. Scholars have attributed reform failures to institutional factors that hamper effective delivery of development projects (Kaufmann and Wang, 1995; Isham and Kaufmann, 1999; Dollar and Levin, 2005). However, in fact, implementation and design are intermingled in such a way that "they should not be separated conceptually or operationally in the reform process or in the design of reform measures" (Abonyi, 2002). Empirical evidence even points to design and monitoring as critical to the success of World Bank projects (Ika et al., 2012). Drawing from administrative reforms in developed countries, Ingraham (1997) argues for tailoring the design of any effort to restructure or reorganize public service to a political system and for political leadership to provide clear direction on what the reform should achieve.

Different theories exist to make sense of administrative reform (Aucoin, 1990), but the concept of capac-

ity is potentially key in better understanding what is essential in affecting changes in public administrative systems. Knill (1999) introduced the term 'administrative reform capacity' to capture how the institutional context offers opportunities to implement public management reform. Some scholars have built on this idea of an inherent system conducive to reforms (Moon and Ingraham, 1998; Samaratunge et al., 2008), but others make an argument for a self-improving bureaucracy, arguing that changes can be brought in endogenously (Painter, 2004; Christensen et al., 2008; Haque, 2007). A recent conceptualization of policy capacity sought to integrate these disparate approaches by acknowledging both the exogenous and endogenous factors crucial to reforms. Wu et al. (2015) defined policy capacity as the multidimensional set of skills and resources necessary for carrying out policy functions, which are envisaged to dynamically interact, simultaneously constraining and facilitating each other. Using policy capacity to understand administrative reform emphasizes the likelihood of reform success as contingent not just on the inherent political environment, but also on government access to critical resources (Wernerfelt, 1984; Pierre and Peters, 2000; Howlett and Ramesh, 2015).

The amorphous character of capacity can be broken into the complex interaction between analytical, operational, and political capacities (Ramesh et al., 2016). Policy analytical capacity is about 'making

intelligent choices' in matching the design of the reform to the problems, and retrofitting the interventions to the inherent weaknesses of the implementers (Painter and Pierre, 2005). It is based on the process of acquiring, processing, and utilizing data and information for effective decision-making throughout the stages of reform (Cohen and Levinthal, 1990; Ouimet et al., 2010). Operational capacity to deliver results is also crucial, because provision of goods and service delivery is the bread and butter of governments (Farazmand, 2009). Operational capacity has a normative aspect, chiefly since the public sector is expected not only to deliver services, but also to deliver them with efficiency and quality (Polidano, 2000). The coordination arrangement between the actors involved is no less important than the actual resources and personnel marshalled into the reform (Peters, 1998). Political capacity largely pertains to what Abonyi (2002) calls 'government ownership' and 'political leadership' (Ingraham, 1997). "Political leadership is essential", as Hill (2013) concedes, because "a key individual or group of leaders who understand the case for reform" are needed to 'actively promote it'. But while the components of policy capacity have been fleshed out, very little empirical evidence elucidates how the interactions between capacities actually play out. This is largely constrained by methodological issues, such as a lack of sufficient measuring of capacity and its components (Ramesh et al., 2016; Ramesh et al., 2016).

METHODOLOGY

This study qualitatively examined Project Validation Reports (PVRs) publicly available from the Evaluation Information System of the Asian Development Bank (ADB) that contains 1,500 evaluations. ADB's Independent Evaluation Group (IEG) prepares PVRs to improve accountability by verifying self-assessment of achievements of outputs/outcomes by operations staff. The PVRs were derived from projects tagged under the sector of Governance. Out of these 45 PVRs, 20 were classified as Public Sector Management projects, the subject of this analysis. The project budgets totalled USD 3,310 million, with an average project cost of USD 165 million. But the cost varies considerably across projects, with a standard deviation of USD

222 million. All projects included in the analysis have been implemented within the past 15 years, with the earliest approved in December 2002. The 20 projects are geographically dispersed in 14 countries across all regions of developing Asia (Figure 1)¹.

These projects are categorized under the public sector management sector and, broadly, in governance, because the reforms included in these projects “help governments operate more efficiently and equitably, as well [as help] societies strengthen their capabilities to achieve their development goals”. Nevertheless, these development projects are inherently heterogenous. Objectives vary, with most projects targeting national agencies, and some local governments (three projects in Cambodia, Indonesia, and the Philippines). Some pro-

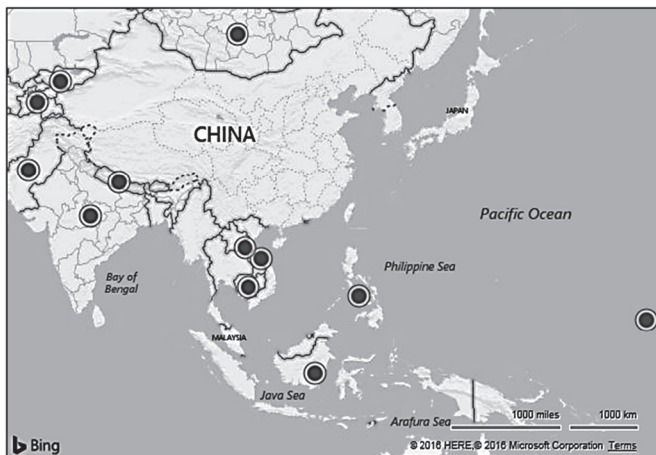


Figure 1. Project locations of PVRs.

¹See Appendix A for more information about the projects.

jects involve interventions to directly strengthen civil service management through technical assistance and training, and provide facilities, process systematization, and other forms of technologies.

The PVRs include a reassessment of the projects using the OECD-DAC criteria, namely relevance, effectiveness, efficiency, and sustainability, as well as overall success², which are analyzed to provide a rough indication of what drives the success of the reforms. The content of the PVRs, specifically the section about 'Evaluation of Performance and Ratings', is also qualitatively analyzed. The PVRs are an ideal source of information about reform success/failure, because IEG validates the accuracy of information provided in the completion reports. The information contained is more candid and possibly more reliable, as argued by similar studies (Cruz and Keefer, 2013). Reliance on the PVRs fundamentally suffers from the uneven level of detail afforded by independent evaluators. The validation reports typically provide more information on those projects with a significant reversal in project ratings or when the success of the project is low. The phrasing of ratings and formatting of the reports also change. These issues are acknowledged as a limitation, but since PVRs are used

for decision-making in ADB, a qualitative analysis of the reports can still reveal meaningful insights on the role of capacity in administrative reforms.

A frequency analysis of the word 'capacity' and similar words was employed to generate the context by which capacity was discussed in the PVRs. The PVRs were coded in order to highlight the capacities identified as critical in the administrative reform process. Although done primarily through an inductive process, the coding followed an initial framework of what critical capacities should be (Wu et al., 2015; Ramesh et al. 2016). The codes derived from the initial framework were refined using a constant, comparative process, wherein codes were sequentially compared within a project and across projects. Codes were grouped, subsumed, or added as a result of the process. Seventeen codes were identified, and grouped into political, operational, or analytical capacity³. A cluster analysis was then performed using NVivo 11 to identify grouping of codes based on word similarity measured by Pearson correlation coefficient. By default, NVivo performs complete-linkage clustering, where words are clustered together based on the relative distance of the clusters from each other. Cluster analysis is typically used for exploratory research to tease out pat-

²Definition of each rating can be found online: <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

³See Appendix B and C for description of the codes and summary of the code frequencies in Appendix.

terns based on word similarity of reports.

RESULTS

Out of the 20 administrative reform projects, 10 were considered successful, 8 less than successful, and 2 unsuccessful after validation (Table 1). The Project Completion Reports (PCRs) contained inflated self-assessments, because only seven PCRs did not have their ratings reversed, with overall success and sustainability making their ratings to be more likely reversed.

When set against the different ratings, project effectiveness and efficiency appear to drive the success of administrative reforms⁴. Four projects were assessed as relevant, but they were 'less than successful' after implementation. These findings show that

project relevance during the design phase does not necessarily guarantee success of administrative reform. For example, under the Punjab Government Efficiency Improvement Program, the project suffered from a change in policy after the project was approved:

...the political priorities changed and a new government in Punjab faced an economic crisis, aggravated by natural calamities and worsening security situation. The new government reviewed its priorities and opted for higher expenditure outlay to counter poverty and security risks, and less emphasis on targeted high-impact reforms. This change in circumstances reduced the relevance of the cluster program. (p. 5).

Table 1. Comparison of PCR and PVR ratings.

PCR Ratings	PVR Ratings			Total
	Successful	Less than successful	Unsuccessful	
Highly successful	3	-	-	3
Successful	7	2	-	9
Less than successful	-	6	1	7
Unsuccessful	-	-	1	1
Total	10	8	2	20

⁴See Appendix D for a cross-tabulation of project success rating with OECD-DAC ratings.

Looking at how the word ‘capacity’ is used in the PVRs, capacity and similar words appeared 280 times (0.43%) in the 20 PVRs⁵. The cluster analysis reveals that ‘capacity’ and similar words co-occurred with the words ‘project’ and ‘performance’⁶. ‘Capacity’ also tended to appear together with words like ‘impact’, ‘evaluation’, and ‘design’. This suggests capacity to be a central concept throughout the PVRs. Capacity is considered as an issue in itself, and is affected by or affects project performance and impact. In terms of code frequency, analytical capacity appears to be significant, occurring most frequently among the dimensions of policy capacity. Analytical capacities were identified to be a factor in how the administrative reform was carried out in 18 of the 20 projects, while both operational and political capacities were identified for 15 projects only⁷.

Most of the policy analytical capacities applies to the design phase of administrative reform. This is principally the case for the use of common analytical tools to determine whether the project will be economically viable for the IFI and government. However, references are also made to making sure the interventions are responsive and compatible with the local political economy of the country. Goals, for example, have been iden-

tified to be overambitious for some projects, leading to implementation issues. That would clearly be a case of design flaw, which might not be overtly clear at the outset and could be easily tagged as an inherent failure of reform implementation. The PVR for the Marshall Islands Public Sector Program, for instance, observed that:

...program design was overambitious and should have taken into account the historically slow pace of reforms in the Marshall Islands and political sensitivity to the reforms. The outcome and impact statements and targets...could have been more realistic in view of the country's context. Setting conditions relating to budget processes and/or controls and lower targets may have been more appropriate for the program (p. 10).

While Wu et al. (2015) identified policy learning as an important element of operational capacity; drawing lessons appeared to be significant in the design phase for public sector management projects. Under the Second Phase of the Governance Reform Program in Mongolia, disregarding lessons from the first phase resulted in adopting too sophisticated budgeting and accounting practices that were highly incompatible with the local

⁵‘Capacity’ is the 35th most frequently occurring word. Similar words include capabilities, capability, capacities, capable, and content.

⁶See Appendix E.

⁷Appendix F summarizes codes per dimension for each of the projects.

context. Mid-implementation review and risk analysis are equally important during the design phase. Risk analysis attempts to factor in implementation risks into the reform design, while mid-term reviews are meant to gauge the adequacy of the design–implementation link. These tools are critical analytical capacities because they represent the “ability to structure the decision-making process, coordinate it throughout government, and feed informed analysis into it” (Polidano, 2000). Making a distinction between design and implementation failures may not be fruitful in ensuring that reforms are effective.

In terms of coding frequency for policy operational capacity, what appears to be most important is coordination. Administrative reforms are typically complex activities requiring multiple actors, with multiple interests to come together. For example, in Tuvalu’s Strengthened Public Management project, it was noted that close coordination between the government, ADB, and other donors ensured that implementation was not delayed. Having different implementing agencies also increases the likelihood of breakdown of coordination, as evidenced by the one-year delay in implementation of the administrative modernization program in Vietnam. Coordination relates to project control, which is essentially about ancillary processes like procurement, and monitoring of outputs to direct and control the project. In the case of Indonesia’s Sustainable Capacity Building for Decentralization Project,

the four-year delay in procurement of an information technology system led to its under-utilization.

Absorptive capacity also affects implementation of administrative reforms. Projects in Nepal and Mongolia suffered from ‘human resource limitations’, which significantly constrained the delivery of project outputs. The original framework referred to resource mobilization, but absorptive capacity needed to be emphasized to capture the ability of actors to do more than what they typically do. If the civil service is expected to be capacity-constrained, a ‘self-improving’ bureaucracy may be setting itself up for failure, if it does not have sufficient resources to ‘absorb’ the tasks of reform. Thus, in this context of administrative reform, absorptive capacity pertains both to marshalling of resources in a timely manner and to appreciating the initial level of capacity required to take on additional tasks.

Process systematization was acknowledged earlier by Wu et al. (2015), but the importance of access to consultants that perform implementation-related work should be recognized as an important element of policy capacity. This is consistent with existing work on policy consultants, who are increasingly engaged in process-oriented work instead of providing highly technical strategic advice (Migone and Howlett, 2013; Howlett et al., 2014). In the context of administrative reform, projects should rely less on process consultants, as they tend to miss out on

nuances, as shown by the experience in Mongolia's governance project:

...weak capacity and the high demands of output budgeting, as well as the fact that consultants carried out most of work on implementing the new methodologies... led to non-adoption of the methodologies by public sector institutions (p.9).

While these capacities coded as political capacity may seem like variations of political legitimacy, government ownership pertains to committing to define the direction of the reform, dealing with conflicting stakeholder interests, and following through with the actual set of reforms. Ownership is critical, because a sign of fading commitment is indicative of the inability to actually carry out the reforms. Government ownership has been highlighted in ten projects, such as in Tuvalu, wherein the "government showed strong ownership of the program, played an active role in reviewing and negotiating reform options with the development partners, and showed goodwill and effort in restructuring the state-owned enterprises" (p. 7).

The legal and policy environment needs to be stable to be conducive to administrative reforms. An unclear legal framework, shifting policy priorities, and exogenous policy shocks undermined two projects in Pakistan; both were unsuccessful as a result. In the Punjab Government Efficiency Improvement Project, "the slowdown in economic growth since 2008 and

the change in expenditure priorities of the new government affected the program's ability to achieve its envisaged benefits" (p. 5).

The dimensions of policy capacity show a rather distinct categorization of critical capacities, but, as shown above, these capacities interact with each other. The cluster analysis of the codes show an interesting, albeit weak, interrelationship between capacities across the three dimensions (Figure 2). The strongest correlations were found between 'needs diagnostic' and 'lesson drawing' (0.35) and 'legal and policy environment' and 'goal setting and planning' (0.32). By looking at the clustering, we can characterize the interaction between capacities. Such clustering provides a better understanding of how each capacity should be utilized with respect to other capacities.

The first cluster can be characterized as 'multi-stakeholder ownership', where key stakeholders should be continuously engaged throughout the phases of administrative reform to ensure their buy-in. A mid-implementation review of the reform should not only look at whether outputs are delivered, but also measure the extent of stakeholder ownership. This analytical-political capacities mix is interesting, because it brings to surface the use of analytical tools to make 'intelligent political decisions' and adheres to Meltsner's (1972, 865) admonishment to "introduce politics in every stage of policy analysis".

The second cluster is 'context-based interventions analysis',

where lessons drawn from past reforms should be used to design the different options, interventions, and proposed objectives of the reform. This is reminiscent of the elements of an implementation analysis proposed by Sabatier and Mazmanian (1980), particularly on the variety of ‘political’ variables that affect the achievement of statutory objectives. It is important to highlight the role of context and the changing legal and policy environment, when designing reforms. This is stark for administrative reform, because ‘combinations of competing, inconsistent and contradictory organizational principles and structures’ are entrenched in the multiple contextualities of reforms (Christensen and Lægheid, 2013, 140).

The third cluster can be called ‘coordination risk analysis’, pointing to the need to integrate coordination risks into the current approach in risk

analysis. Administrative reform entails technical know-how in working with different actors and navigating through bureaucratic layers (Williams, 1975). The fourth cluster can be labelled as ‘process-driven public support’. This operational-political capacity linkage may seem counter-intuitive, because administrative procedures act as a way to control the public (McCubbins et al., 1987). The last cluster is probably consistent with the orthodoxy on the role of leaders, ensuring that resources are channelled in a timely manner toward those areas of reform with the greatest need.

CONCLUSION

This study explored the context of capacity as used in administrative reform. It established the intrinsic value of capacity within the framework of administrative reform, that while reforms intend to bolster public sector

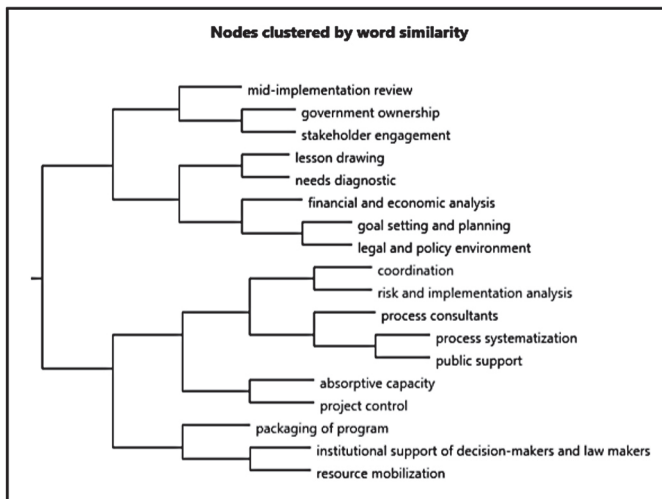


Figure 2. Results of cluster analysis.

capacity, capacity as a set of skills and resources is crucial in the different stages of the reform process. The study both tested the applicability of the policy capacity lens in better understanding administrative reforms and fine tuned the concept by identifying other critical capacities for administrative reform. It also underscored the different interactions of capacities that can attenuate or accentuate the effectiveness and success of public sector management projects.

The study also provided empirical evidence on the extent to which administrative reforms in developing Asia have been successful. The capacity discourse could enrich the manner in which administrative reforms are executed, by embedding policy analytical capacity into all phases of the reform, particularly during the design phase. However, analysis should not be limited to the technical nature of design, that is, matching solutions with problems, but should also involve political and operational analyses. The complexity of initiating and implementing administrative reform underpins the interaction between capacities, and makes a more nuanced representation of how reforms are actually implemented.

The current study is exploratory in nature, but points toward an interesting area of inquiry for future studies. Future research should include linking the levels of policy capacity with the success or failure of civil service reforms. Do higher levels of analytical capacity ensure reform success? Is the linkage between capacity

and reform success applicable in other governance sub-sectors? Additionally, one of the aspects of the research findings that remains unexplored is the role of consultants in developing the different dimensions of policy capacity of governments. To what extent do they influence the design and implementation of reforms, and, as a consequence, the control of the government of its own affairs? With administrative systems in a constant state of change, the concept of policy capacity remains relevant.

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APPENDIX

A. Description of projects analyzed.

Reference number	Project number	PVR date	Project title	Country	Actual project cost (in million USD)	Actual approval date	Actual closing date
287	3811	Dec-13	Fiscal Management and Public Administration Reform Program	Afghanistan	51.39	14-Dec-05	31-Dec-10
335	36308	Nov-14	Assam Governance and Public Resource Management Sector Development Program	India	247.03	16-Dec-04	14-Feb-13
188	35274	Nov-12	Commune Council Development Project	Cambodia	15.80	3-Dec-02	29-Nov-07
239	39605	Dec-12	Development Policy Support Program	Indonesia	700.00	21-Dec-05	23-Dec-05
296	36541	Dec-13	Local Government Finance and Governance Reform Sector Development Program	Indonesia	304.80	3-Nov-05	14-Jan-11
232	35144	Dec-12	State Audit Reform Sector Development Program	Indonesia	31.17	13-Dec-04	1-Jun-11
182	35144-01	Nov-12	State Audit Reform Sector Development Program	Indonesia	100.00	16-Dec-04	31-Dec-07
294	35261-13	Dec-13	Sustainable Capacity Building for Decentralization Project	Indonesia	55.63	10-Dec-02	31-Dec-11
433	39015-042	Nov-15	Tax Administration Reform and Modernization Project	Kyrgyzstan	12.06	14-Jun-07	30-Sep-13

Reference number	Project number	PVR date	Project title	Country	Actual project cost (in million USD)	Actual approval date	Actual closing date
282	35304	Dec-13	Private Sector and Small and Medium-Sized Enterprises Development Program Cluster (Subprograms 1 and 2)	Lao People's Democratic Republic	20.00	1-Oct-09	15-Mar-10
404	43321	Jul-15	Public Sector Program—Subprograms 1 and 2	Marshall Islands	14.87	17-Aug-10	28-Feb-11
322	35376	Sep-14	Second Phase of the Governance Reform Program	Mongolia	16.53	14-Oct-03	4-Aug-11
421	36172	Sep-15	Governance Support Program (Subprogram I)	Nepal	375.61	22-Oct-08	8-Apr-13
2009-44	36195	Dec-09	Public Sector Management Program	Nepal	36.00	8-Jul-03	21-Aug-06
2010-30	37135	Sep-10	Balochistan Resource Management Program	Pakistan	129.06	25-Nov-04	21-Jun-07
408	41666	Jul-15	Punjab Government Efficiency Improvement Program	Pakistan	325.00	10-Dec-07	26-Dec-12
374	39516	Dec-14	Local Government Financing and Budget Reform Program Cluster	Philippines	778.55	13-Dec-07	31-Mar-10
455	44061-012	Oct-16	Strengthening Public Resource Management Program	Tajikistan	45.00	12-Apr-11	4-Sep-14
422	45395-001	Oct-15	Strengthened Public Financial Management Program	Tuvalu	2.35	22-Nov-12	14-Jan-14
2011-64	35343	Dec-11	Support the Implementation of the Public Administration Reform Master Program, Phase I	Vietnam	48.70	16-Jan-03	31-Dec-05

B. Coding framework.

Main dimension (parent node)	Sub-dimension (child node)	Definition	Example
Analytical capacity	Financial and economic analysis	Assessment of financial and economic viability of the reforms	The nature of the program did not lend itself to financial or economic analysis.
	Goal setting and planning	Identification of objectives and tasks/activities to achieve the objectives	The design did not adequately take into account the lengthy process involved in passing new legislation.
	Lesson drawing	Deriving lessons learned from how other projects were designed and implemented	The program design reflected lessons from the earlier ADB policy program in the Marshall Islands and the Pacific, as well as ADB's approach to engaging with weakly performing countries.
	Mid-implementation review	Monitoring of delivery of project outputs	The January and June 2008 review missions discussed nonachievement of the tranche release conditions and monitorable actions.
	Needs diagnostic	Ensuring solutions identified for specific problems are embedded into the reform design	The project conducted a needs and/or priority assessment to undertake implementation in phases.
	Program packaging (mix)	Mixing different instruments in a logical arrangement	It took only a short period to 'package' the program, and it did not use any consultants, contractors, or suppliers in design or implementation.

Main dimension (parent node)	Sub-dimension (child node)	Definition	Example
Operational capacity	Risk analysis	Identification of potential implementation bottlenecks and risks to achievement of reform objectives	Further, risks were not sufficiently identified and managed in view of planned comprehensive and complex governance reforms
	Coordination	Organization of tasks between different actors	Despite these, the limited coordination between both institutions was apparent. The PCR noted, however, that coordination with development partners improved significantly toward the end of CBGR implementation.
	Process consultants	Use of external policy advice on procedural aspects of the reform	The PCR, however, rated the performance of ADB for the project component less than satisfactory, noting duplication of the consultant's work under the loan with that of the PPTAs and advisory TA, resulting in unnecessary expenditure allocations.
	Process systematization	Adoption of information technologies to modernize public service processes	Government capacity in ICT management, systems development, and support remained weak.
	Project control	Directing project management activities like procurement	Delays in developing the central database and the MIS because of inefficient procurement and project management at the early stages of the project.
	Absorptive capacity	Ability to undertake new tasks or utilize new resources	Delays in fulfilling policy conditions were mainly the result of the need to restaff the TA grant and to wait payments (undertaken independently by ADB).

Main dimension (parent node)	Sub-dimension (child node)	Definition	Example
Political capacity	Government ownership	Commitment of the government to undertake the reform	Insufficient commitment, ownership, and understanding of some stakeholders; the late release of budget allocations to PIUs; and difficulties faced in the capacity building program.
	Institutional support of law-makers and decision-makers	Prioritization given by political and bureaucratic elites	Delays in Parliamentary approval of the amendment to the Financial Management Act, tax reform, and SOE legislations constrained the full implementation of the reforms, resulting in intended outputs not fully achieved.
Public support	Legal and policy environment	Stability and consistency of laws and policies	Enactment by the government of a new regulation which introduced new and complex functions for the organization.
	Stakeholder engagement	Widespread popular awareness and support of the reform	Lack of appreciation of the role of public audit among legislators and the general public.
	Stakeholder engagement	Involvement of stakeholders in the reform process	The GSP 1 design and implementation arrangements satisfied the need for broad institutional participation at all levels, as its ward citizen forums (WCFs) and citizen awareness centers (CACs) involved local bodies and local communities.

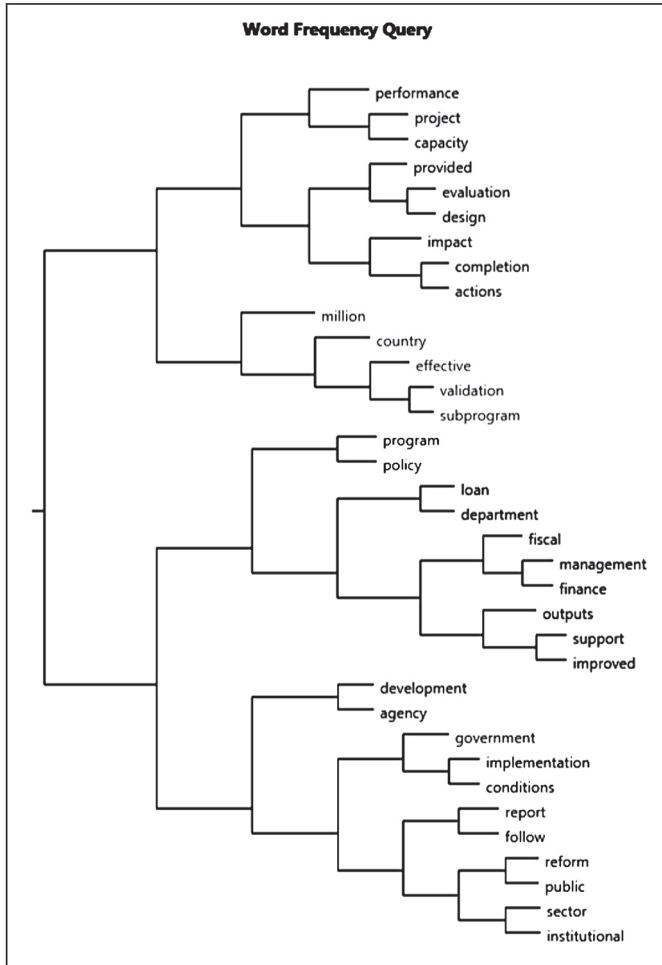
C. Node summary report.

Main dimension (parent node)	Sub-dimension (child node)	Number of projects (sources)	Number of coding references	Number of words coded
Analytical capacity		16	36	1,749
	Financial and economic analysis	2	2	39
	Goal setting and planning	7	10	295
	Lesson drawing	4	6	317
	Mid-implementation review	13	20	622
	Needs diagnostic	7	9	257
	Program packaging (mix)	2	2	77
	Risk analysis	3	3	116
Operational capacity		15	33	665
	Coordination	8	10	204
	Process consultants	2	2	49
	Process systematization	2	2	19
	Project control	5	8	191
	Absorptive capacity	7	10	194
Political capacity		15	47	1,096
	Government ownership	10	17	398
	Institutional support of lawmakers and decision-makers	5	5	87
	Legal and policy environment	9	13	365
	Public support	3	3	65
	Stakeholder engagement	7	8	171

D. Project success by OECD-DAC criteria.

Criteria	Rating	Successful	Less than successful	Unsuccessful	Total
Relevance	highly relevant	4			4
	relevant	6	4		10
	less than relevant		4	2	6
Effectiveness	effective	10			10
	less than effective		8	2	10
	efficient	10			10
Efficiency	less than efficient		7	1	8
	inefficient		1	1	2
	most likely sustainable	1			1
Sustainability	likely sustainable	9	2		11
	less than likely		6		6
	unlikely			2	2
	highly satisfactory	3			3
	satisfactory	7	1		8
Borrower's performance	less than satisfactory		7	2	9
	highly satisfactory	2			2
	satisfactory	8	3		11
ADB's performance	less than satisfactory		5	2	7

E. Cluster analysis of capacity.



F. Coding matrix by dimensions of policy capacity.

Project name	Analytical capacity	Operational capacity	Political capacity
1. Afghanistan Fiscal Management and Public Administration Reform Program 2010	5	0	2
2. Assam Governance and Public Resource Management Sector Development Program 2008	2	1	0
3. Cambodia Commune Council Development Project 2007	4	4	3
4. Indonesia Development Policy Support Program 2005	1	0	2
5. Indonesia Local Government Finance and Governance Reform Sector Development 2011	4	0	0
6. Indonesia State Audit Reform Sector Development Program 2011	0	4	3
7. Indonesia State Audit Reform Sector Development Program 2007	1	1	3
8. Indonesia Sustainable Capacity Building for Decentralization 2011	2	2	0
9. Kyrgyz Tax Administration Reform and Modernization 2013	3	1	0
10. Lao PDR Private Sector and SME Development Program Cluster 2010	1	1	1
11. Marshall Islands Public Sector Program 2011	3	1	1
12. Mongolia Second Phase of the Governance Reform Program 2011	9	6	3
13. Nepal Governance Support Program 2013	2	1	5
14. Nepal Public Sector Management Program 2006	3	2	3
15. Pakistan Balochistan Resource Management Program 2007	2	1	1
16. Pakistan Punjab Government Efficiency Improvement 2012	0	0	5
17. The Philippines Local Government Financing and Budget Reform 2010	3	0	0

Project name	Analytical capacity	Operational capacity	Political capacity
18. Tajikistan Strengthening Public Resource Management 2014	3	1	5
19. Tuvalu Strengthened Public Financial Management 2014	1	2	4
20. Viet Nam Support the Implementation of the Public Administration Reform Master Program 2005	2	3	5
Total	51	31	46