

## **Can ‘Pockets of Effectiveness’ trigger public sector transformation in Africa?\***

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\* The views in this paper are my personal views and should not be attributed to the FES. Since this paper is part of an ongoing project, comments and suggestions are most welcome.  
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## Can ‘Pockets of Effectiveness’ trigger public sector transformation in Africa?

### 1. Introduction

Since independence, most civil service reforms in sub-Saharan Africa have failed. Effective regulation and public service delivery hardly exist in many countries on the continent. However, since both are essential for poverty reduction and development donor organisations have not given up experimenting with civil service reform approaches.<sup>1</sup> They are desperate to find the one approach that finally works. In recent years, some researchers have hinted at a new and apparently promising strategy: Having realised that even in ‘bad governance’ contexts ‘Pockets of Effectiveness’ do exist, they propose to use them as a starting points for broader civil service reform (Leonard 1991: 301; Therkildsen 2008: 30).<sup>2</sup> This paper attempts to assess this reform potential and preliminarily answer the question: “Can ‘Pockets of Effectiveness’ trigger public sector transformation in Africa?”

For answering this question I draw on two strands of literature and empirical material. The first one is the body of work on semi-autonomous executive agencies in developing countries. The ‘agencification’ trend emerged in the late 1980s and early 1990s as an element of New Public Management thinking. In the context of civil service reform it also travelled to developing countries. ‘Agencies’ are a “variety of organisations that are outside of core government and that do not have a vertically integrated hierarchical relationship with a parent ministry or department” (Laking 2005: 9). They usually enjoy some degree of managerial, financial and human resources autonomy. ‘Agencification’ refers to “the conversion of government departments, which previously operated in a hierarchical chain responsible to democratically elected authorities, into semi-autonomous contracting units (agencies)” (van Donge 2002: 315). Executive agencies are not necessarily ‘Pockets of Effectiveness’ but were assumed to be more effective in delivering public services than traditional administrative departments. That is why they are included here. Although the number of studies evaluating this reform model is small, the findings are insightful for answering this paper’s research question.

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<sup>1</sup> For a review of public sector reform programmes and failures in Africa since independence, see Roll (2011a).

<sup>2</sup> In his outline for this panel, de Haan also suggests that Pockets of Effectiveness might have a broader transformative potential: “The point may be that such Weberian enclaves of efficiency within the neo-patrimonial state could become the new hotbeds of the developmental state” (de Haan 2010).

The second strand of literature is even narrower. While some researchers have recently suggested using Pockets of Effective as a new avenue to reform the civil service in developing countries as mentioned above, there is hardly any systematic research on this phenomenon. I am currently working on two projects which should help closing this gap. For both projects ‘Pockets of Effectiveness’ (PoE) are defined as “public organisations which are relatively effective in providing the public goods and services the organisation is mandated to provide despite operating in an environment in which public service delivery is not the norm” (Roll 2011b: 1).<sup>3</sup> In the first project a research team studied seven selected public organisations in Nigeria from 2009 to 2010.<sup>4</sup> The second project is a comparative study of exceptional public organisations and state-owned enterprises in Nigeria, China, Brazil, Suriname and the Middle East under a common PoE-framework.<sup>5</sup> For both projects the respective empirical material has not yet been fully analysed. Therefore, the thoughts in this paper referring to these projects are sometimes more based on empirical impressions than conclusive analysis.

The paper is structured as follows. The next section discusses theoretically through which channels PoE could bring about public sector transformation. The paper then reviews the executive agency-literature and PoE research for evidence on performance and transformative potential. The final section summarises the findings and draws conclusions.

Two comments are in order before the paper proceeds. First, in drawing on findings and literature for answering the main question of this paper, I deliberately go beyond sub-Saharan Africa. A comparative perspective offers richer insights and does justice to a continent which is so diverse that a purely intra-African focus is questionable. However, in drawing the conclusions the findings will be primarily applied to Africa. Second, I would like to remind the reader that this paper brings together previously unrelated bodies of literature and research and is partly based on an incomplete analysis of empirical material. Therefore, it represents work- and thinking-in-progress and the conclusions are preliminary.

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<sup>3</sup> Roll (2011b) summarises, compares and discusses the different terminologies used for this phenomenon as well as the scattered academic literature dealing with it, often without taking note of each other.

<sup>4</sup> This project was directed and funded by the FES Nigeria office which I headed during that period. Additional funding was provided by the United Nations Development Programme (UNDP) Nigeria office and the Institute of International Education (IIE). For a preliminary summary and discussion of the results, see Roll (forthcoming).

<sup>5</sup> This project will result in the publication of an edited volume with the provisional title: “Pockets of Effectiveness: Selective State Performance and Reform in Developing Countries”.

## 2. How could Executive Agencies and Pockets of Effectiveness trigger public sector transformation?

This section introduces three theoretical models of how executive agencies and PoE could trigger broader public sector transformation. The empirical test of whether they actually do so and if so, under which conditions, will be left to the following sections.

Both, semi-autonomous executive agencies and PoE are assumed to provide the respective public services and goods relatively effectively in a context where patrimonialism, political manipulation, corruption and gross ineffectiveness characterise most public organisations. How could both kinds of public organisations contribute to transforming these institutionalised public sector features? How could they help the public sector move towards resembling more closely the Weberian ideal-type of a ration-legal bureaucracy?

Theoretically, three major channels exist. The first one is called the ‘demonstration effect’ (see figure 1). It describes a case where the performance of the executive agency or PoE for some reason attracts the attention of the government or the wider society. While the government could be interested in improving public service delivery to appease the population or win elections, citizens could be attracted by better public services. The government could then take direct as well as indirect measures to make other public sector organisations imitate the reforms that led to the executive agency or the PoE becoming more effective. Citizens could, with the support of the opposition, organised civil society, the media and possibly external donor organisations lobby for a broader public sector reform along the lessons learned from the executive agency or PoE.

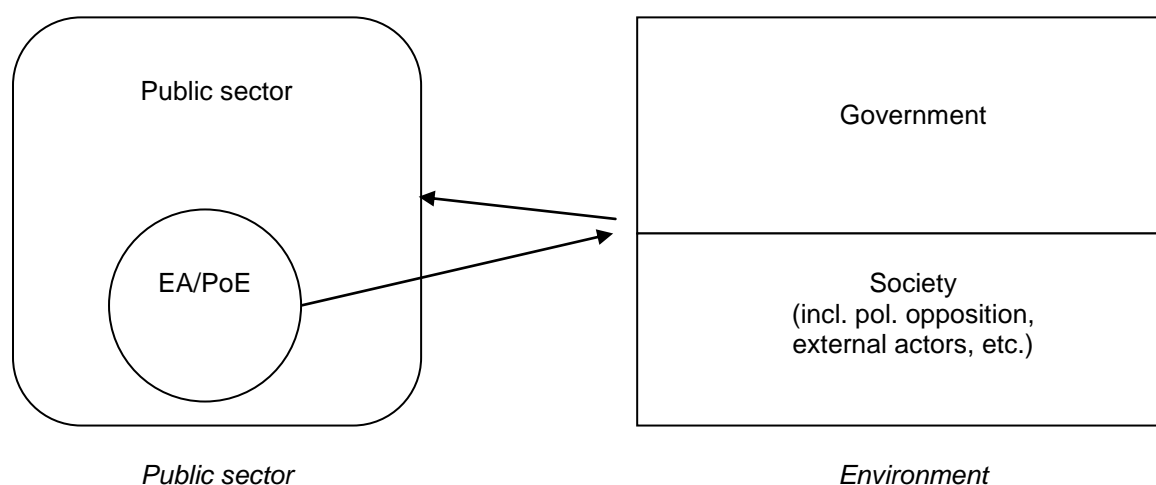
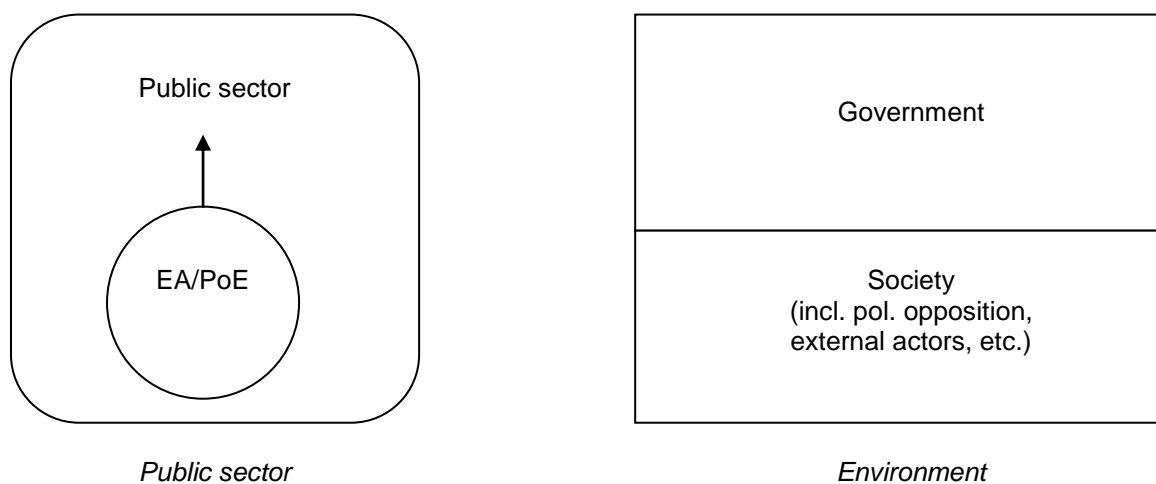


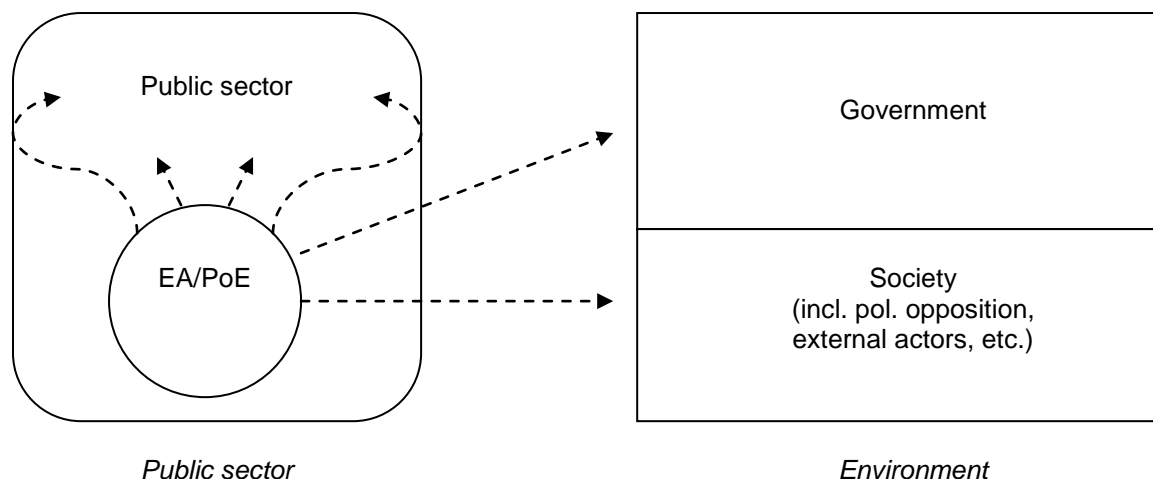
Figure 1: Demonstration effect

The next channel through which executive agencies or PoE could potentially help to transform the public sector is the ‘bureaucratic contagion effect’ (see figure 2). This refers to a process within the public sector. If civil servants see another organisation performing well in the same environment under the same restrictions and with similar resources, they might want to improve their own organisations’ performance as well. In a wider sense, this is also a demonstration effect but the relevant audience this time are civil servants and not the government or citizens. Of course, positive media reports or other public responses to the executive agency’s or PoE’s performance could strengthen this motivation. For this channel it is assumed that there is some degree of intra-administrative competition and some basic degree of commitment to the country’s development.



*Figure 2: Bureaucratic contagion effect*

The third and final potential channel is called the ‘bureaucratic seed effect’ (see figure 3). It is somewhat similar to the former channel but there is one important difference: instead or in addition to the message that there is an effective executive agency or PoE, the members of these organisations are moving. After some period with the successful agency or PoE they are transferred to or move to other organisations in the public sector but also into politics or other powerful positions (universities, donor organisations, private business, etc.). Since executive agency and PoE staff often identify themselves exceptionally strongly with their public mission and often have a particularly strong *esprit de corps*, when they move they are likely to take their commitment, expertise and reform-mindedness with them. They might therefore carry the ‘seeds’ for further reforms elsewhere.



*Figure 3: Bureaucratic seed effect*

I do not claim that these three models are all relevant channels. Others might exist through which agencies and PoE contribute to reforming the public sector. However, for now I leave it to others to complement these three channels and continue testing them against the findings from the executive agency and PoE literature and research.

### **3. What does research on Executive Agencies and Pockets of Effectiveness tell us?**

The aim of this section is by no means to summarise the findings of the semi-autonomous agency or PoE literature. While both bodies of literature and empirical material are relatively small, I mainly draw on those findings and results which are relevant for answering this paper's research question.

While both strands of literature and research look at similar phenomena, there are some important differences. They are presented in a stylised manner in the table below (see table 1). The presentation is 'stylised' because some of the differences are oversimplified and overemphasised. In reality, they are often less clear-cut and the boundaries between them more fluent. Two of the most crucial differences are the following. First, while executive agencies are deliberately established, some PoE also emerge through rather unusual political processes. Second, the establishment of executive agencies is often externally initiated and strongly supported. Many donor and international organisations have promoted this model while the emergence of PoE is usually triggered domestically.

<i>Characteristics</i>	<i>Executive agencies</i>	<i>Pockets of Effectiveness</i>
Deliberately established?	Yes	Mixed
Establishment or emergence triggered externally or domestically?	Externally	Domestically
Involvement of donor organisations	Yes	No
Degree of autonomy from parent ministry	High	Mixed
Generous funding?	Yes	Mixed

*Table 1: Stylised differences between semi-autonomous executive agencies and PoE in developing countries*

### **3.1 Semi-autonomous executive agencies**

The disciplines dealing most explicitly with this phenomenon are public policy, public management and administration. This is different from the PoE literature and research presented in the next section which mostly comes from development studies, political science and sociology. Both bodies of research are not often brought together.

Starting in the Anglo-Saxon world, the ‘agencification’ trend became global in the context of New Public Management (NPM) reforms since the 1990s (see Pollitt et al. 2001; OECD 2002; Pollitt and Talbot 2003; Pollitt et al. 2004).<sup>6</sup> Like many of the NPM reform elements, the attractiveness of the semi-autonomous agency model was not based on empirically confirmed improvements in effectiveness and efficiency but rather on theoretical assumptions.<sup>7</sup> Scepticism towards state bureaucracies and sympathy with managerial ways of doing things shaped the political *zeitgeist*. In this context, the rational choice-based assumptions that such agencies would improve performance convinced the NPM pioneering policymakers. Mechanisms described by institutional isomorphism theory then led to the spreading of this model (DiMaggio and Powell 1983) which resulted in a large variety of structures and outcomes (Moynihan 2006).

<sup>6</sup> By now, NPM-style reform elements have been introduced in many of the world’s civil services. However, the model of what is now called ‘executive agency’, a public organisation with some autonomy from the ministries and departments is nothing completely new. Sweden had similar organisations already in the 1700s (Laking 2005: 10) and parastatals played an important role in post-independence Africa.

<sup>7</sup> Still in 2003, Pollitt noted that “what we are dealing with is, at best, a plausible working assumption or, at worst, a piece of empty doctrine” (Pollitt 2003a: 332).

The evidence about the effects of the establishment of semi-autonomous agencies in Organization for Economic Cooperation and Development (OECD) countries is patchy and sometimes contradictory. The United Kingdom's (UK) "Next Steps" is one of the first and most ambitious NPM reform programmes with the establishment of semi-autonomous executive agencies as its key pillar (James 2003). The UK Department for International Development (DFID) then became a key promoter and supporter of similar reform programmes in developing countries. Having studied the impact of the "Next Steps" programme in the UK, Talbot concludes that the "[a]gencies have improved the management of the functions that the agencies perform" (Talbot 2004: 111) but have not led to cost savings, efficiency improvements or the better management of government outside the agencies, especially the parent departments or ministries of the respective agencies (*ibid.*). The mixed results of even this longest running agencification programme in an advanced European country already indicate that the creation of semi-autonomous executive agencies is not at all a magic bullet. Despite a lack of systematic comparative research with the exception of the studies by Pollitt and Talbot (2003) and Pollitt et al. (2004), findings from other OECD countries seem to support this inconclusive result.

The evidence on the impact of executive agency creation in developing countries is even more limited. The degree to which NPM reform programmes have been implemented in developing and transition countries varies widely. DFID and, with regard to semi-autonomous revenue agencies (ARAs) also the World Bank and the International Monetary Fund (IMF) have been promoting the establishment of such agencies as part of their advisory and assistance programmes. While a small body of literature has emerged on the impact of ARAs, evaluations and studies of other kinds of agencies are scarce.<sup>8</sup>

Since the ARAs are a special kind of organisation which differs from most other public organisations, they will only be dealt with briefly here. They are special because it is their task to collect revenues for the state which obviously generates a strong interest of government in improving their performance. Most other public organisations act as regulators or service providers instead. While earlier IMF studies and Taliencio Jr (2003) claim that the ARA model led to better performance, measured by higher revenue collection, Fjeldstad and Moore (2009) are more cautious. They conclude that the existence of ARAs strengthens the government's potential capacity to raise more revenue if certain conditions are met and thereby

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<sup>8</sup> The best-studied African country in this regards seems to be Tanzania (Therkildsen 2000; Therkildsen and Tidemand 2007; Caulfield 2002 and 2006; Rugumyamheto 2004; Sulle 2010). Tanzania is also covered in the only more or less systematic comparative study of executive agencies in developing countries (Talbot and Caulfield 2002).



has fended off the partial privatisation of tax collection (Fjeldstad and Moore 2009: 14). However, according to them, their contribution to increasing government revenues has been modest at best (ibid.).

On non-revenue collecting executive agencies, the findings are similar. While it is acknowledged that procedures within agencies have often improved and commitment by staff has grown, there is little evidence to date confirming improved service delivery through agencies (Caulfield 2002: 215; Therkildsen 2008: 25). Although some well-performing agencies do exist, experiences in several countries show that their performance increases for the ‘honeymoon period’ after having been established. After this peak however, their performance often drops as several studies show (Therkildsen 2004; Laking 2005: 13-14; Robinson 2007). The interesting question is why semi-autonomous executive agencies in developing countries have - as of yet - not lived up to the high expectations. Why have they not delivered the goods? A couple of factors emerge from the literature which are also useful for answering this paper’s research question as the following discussion shows.

#### *No ‘fit’ with the system*

Agencies can perform well for a longer period of time only if their parent ministries or departments back and support them. Tanzania has a heavily centralised presidential system where closeness to the president is decisive, while ministries and ministers per se are not necessarily powerful. There was no fit between the agency-model and the broader political and informal administrative power system (Caulfield 2002; Sulle 2010). Another example is that certain administrative basics such as clear mandates or consistent funding are often not in place. Donors often pay insufficient attention to such features of political and administrative systems in developing countries before they draft reforms programmes.

#### *Hidden motives for agency creation*

Developing country governments did not happily welcome the advice to establish executive agencies. However, especially during the period of Structural Adjustment Programmes (SAP) and widespread conditionalities, they knew that their freedom to choose was limited. At the same time many actors, including these governments, developed their own motives for establishing agencies, many of which differ from the idea of improving public service delivery. Some governments decided to adopt the agency model to fend off the alternative propagated by the World Bank: the privatisation of selected public organisations and service delivery (Caulfield 2002: 218; Fjeldstad and Moore 2009: 14). Ruling elites also found it attractive because it

allowed them to move more capital expenditure off-budget and present themselves as good fiscal managers (Caulfield 2002: 219). Raising their revenue through taxation (Fjeldstad and Moore 2009: 11) and other income from agencies (Caulfield 2002: 217) has been another motive. More instrumental reasons include protecting a particular function of an organisation from legislative scrutiny, creating power bases for certain groups or capturing public resources for private interests (Laking 2005: 16). Senior civil servants have been in favour of establishing agencies since they have been looking for higher salaries like in Tanzania (Caulfield 2002: 213). Such multiple motives are not uncommon when reform proposals are being discussed. However, if these alternative motives dominate over service delivery improvement motives it is unlikely that agencies will be implemented in a way which allows them to perform well.

### *Embedding and appropriating reforms*

Reforms do not only become embedded in the domestic political, administrative and cultural systems but they are also locally appropriated. There are two general forms of appropriation of reforms. The first one is institutional appropriation which means that the reforms are adapted to the local environment in a way which allows them to work. Particularistic or personal appropriation on the other hand refers to 'reform capture' or, in this case, 'agency capture'. As soon as the reform decision has been taken and it is being implemented, civil servants become particularly creative. Just like with the SAP reforms, most of which were not implemented as planned (see van de Walle 2001), plans, budgets and other prescriptions are modified and manipulated. Especially in a context where 'civil service reform' is a synonym for massive retrenchment, officials have good reasons to make sure they benefit as much as possible from the reform process for as long as they still have access. In one of the very few ethnographic studies of how civil servants perceive the reforms in Africa, Anders (2010) interprets the civil servants' efforts to manipulate reforms "as mundane and subversive attempts to 'own' the reform or at least parts of it to protect their immediate material interests" (Anders 2010: 69).<sup>9</sup> This reality seriously impacts on the reform implementation process. While the establishment of semi-autonomous agencies might change that local logic for some time by bringing in new, well-paid professionals, the 'old powers' and interest groups are often quick to adapt to new circumstances for taking advantage of the new situation (Therkildsen 2004; Laking 2005: 13-14; Robinson 2007; Sulle 2010). In the context of this and the last factor, 'agencies' are then little more than a new resource or

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<sup>9</sup> Therkildsen and Tidemand's (2007) study of public servant perspectives on staff management and organisational performance in Tanzania and Uganda provide another valuable insight into how reforms are perceived and acted upon in the respective bureaucracies.

tools in a long established power game, guided by entrenched logics and informal rules.

### *Conflicts within the public sector*

Civil servants in developing countries have been sceptical of the NPM reforms and executive agency creation. In Tanzania, for example, the reforms included a reduction of civil service jobs by 27 per cent between 1992 and 2000 (Caulfield 2002: 213). On the other hand, those who remained, especially in senior positions, received significant salary improvements, although from very low levels (ibid.). Moreover, the salaries paid to staff of the newly created executive agencies were often many times higher than those in the regular departments and ministries. In a country where at some point seventy-two per cent of all formal employment was in the civil service (McCourt and Sola 1999, quoted in Caulfield 2002: 213) and an extended family network depended on the income of each of these public employees, it is no wonder that reforms made competition, tensions and conflict flourish. One of the faultlines for conflict was between employees of executive agencies and those remaining in the civil service hierarchy. Apart from the enormous salary differentials, the diverse emerging organisational cultures “one dynamic and enterprising and the other conservative and rule bound” (Caulfield 2006: 23) - whether in reality or in donor and public perception only - created tensions. Anders (2010) found ample evidence confirming and empirically illustrating this fault line for the case of Malawi (ibid.: 60-63).

### *Oversight failure*

Almost all studies of executive agencies in developing countries identify oversight failure by parent ministries or departments as one of the reasons for poor agency performance. This is in line with the results from OECD countries. In both contexts, this “parenting relationship” (Laking 2005: 20) is essential for an improved performance of agencies. In developing countries, two extremes are often found. Due to factors such as lack of capacity, rivalry or envy, the parent ministry might completely ignore the agency as they often did in Tanzania (Caulfield 2002: 217; Sulle 2010: 350-351). Operational targets were not set by the ministry and therefore performance contracting and monitoring which are required for a ‘management by results’ regime, have in most cases not been established. Apart from making improved performance unlikely, this gap raises serious accountability problems. Managerial accountability is one issue but even more important is democratic accountability. If there is no operational oversight by the ministry, democratic scru-

tiny of the agency by parliament and the public is impossible.<sup>10</sup> The other extreme is continued tight control over procedures the agency should carry out at least semi-autonomously. Governments might find it hard to really grant agencies the autonomy they have legally entitled them to. Continued direct control over funding, personnel management, including recruitment, promotion and dismissal of staff, ad hoc micro-management or political interference are anything but rare.<sup>11</sup> Both extremes can also be at work at the same time. While the ministries in Tanzania have shown a general disinterest in the agencies and their performance, they have retained the power over important elements of human resources management (Sulle 2010: 349-351). An agency with neither real autonomy nor any accountability relationship is the worst possible outcome of agencification and will most certainly not improve public sector performance. Balancing autonomy and accountability in a way that fits the local institutional context is and remains a fundamental challenge for executive agency-type reforms.

### *Ambiguous autonomy*

Autonomy is ambiguous because it does not guarantee better performance. Service delivery can improve with more autonomy for agencies but also without it. It is no shortcut to success as is often assumed. In his study of semi-autonomous revenue authorities in Africa and Latin America, Taliencio Jr (2003) for example claims that for improved performance “autonomy seems to matter, and more autonomy seems to matter more.” (Taliencio Jr 2003: 280). However, such a linear relationship between autonomy and performance does not exist. Government support or informal relations may be more important than formal autonomy. Moreover, better performance may be achieved through basic organisational reforms which can be carried out without significant autonomy as the case of the Ghanaian Internal Revenue Service indicates (Joshi and Ayee 2009). Furthermore, as we have seen in the discussion of ‘oversight failure’, autonomy without accountability is highly problematic. The factor ‘autonomy’ which has been essential to the very idea of executive agencies thus has to be urgently demystified and theoretical assumptions be replaced with empirical findings.<sup>12</sup> It is only then that the real value of the semi-autonomous executive agency model for developing countries can be assessed.

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<sup>10</sup> Concluding his case study of Lativa, Pollitt (2003b) emphasises the same problem: “The kind of institutionalized vigilance fundamental to liberal democratic regimes in Western Europe and North America is only weakly developed. The possibilities for agency capture, for corruption or just for downright inefficiency seem, to my English eyes, too great.” (Pollitt 2003a: 335).

<sup>11</sup> For the illustrative case of Thailand, see Bowornwathana (2003), for some ARA in Africa Fjeldstad and Moore (2009: 6-7).

<sup>12</sup> Therkildsen (2008) shares this assessment when he concludes that “[w]e do simply not know enough about the various autonomy arrangements and their effects on performance” (Therkildsen 2008: 26).

Although at a different level, many of the findings on executive agencies in developing countries resemble those in OECD countries. It would therefore be possible to list those factors which seem to help or hinder the realisation of agencification gains in both contexts (see Pollitt 2009: 257-258). However, that is a task for a separate paper.

Returning to the main question of this paper, three findings from this literature review are particularly relevant. First, executive agency performance often improves for a ‘honeymoon period’ shortly after having been established but declines again soon afterwards. Second, the only real and more substantial improvements brought about by executive agencies often remain internal to these agencies themselves. These internal improvements include better assessment and collection procedures of ARAs (Fjeldstad and Moore 2009), improved internal decision-making and management processes (Sulle 2010: 353) and stronger commitment by staff as well as an internal performance culture (Caulfield 2002: 217-219). On other improvements which go beyond the organisation, such as output or impact, evidence suggests that they have not occurred or only temporarily so. This is the third important finding. With improvements remaining confined to the organisational dimension, it is hardly imaginable how such agencies should trigger wider public sector transformation. The available evidence even points into the opposite direction: Rather than executive agencies standing any chance of triggering public sector transformation, these systems have instead embedded and appropriated the agencies.<sup>13</sup>

### ***3.2 Pockets of Effectiveness***

Compared to semi-autonomous executive agencies, PoE can but are not necessarily deliberately established. Moreover, they emerge domestically without much interference from outside and their degree of autonomy from the parent ministry can but does not have to be high.

Research on PoE in developing countries is still in its infancy. While Leonard (2008) provides a “propositional inventory” and Roll (2011b: 5-14) reviews the PoE-related literature, comparative studies under a common framework do not exist to date.

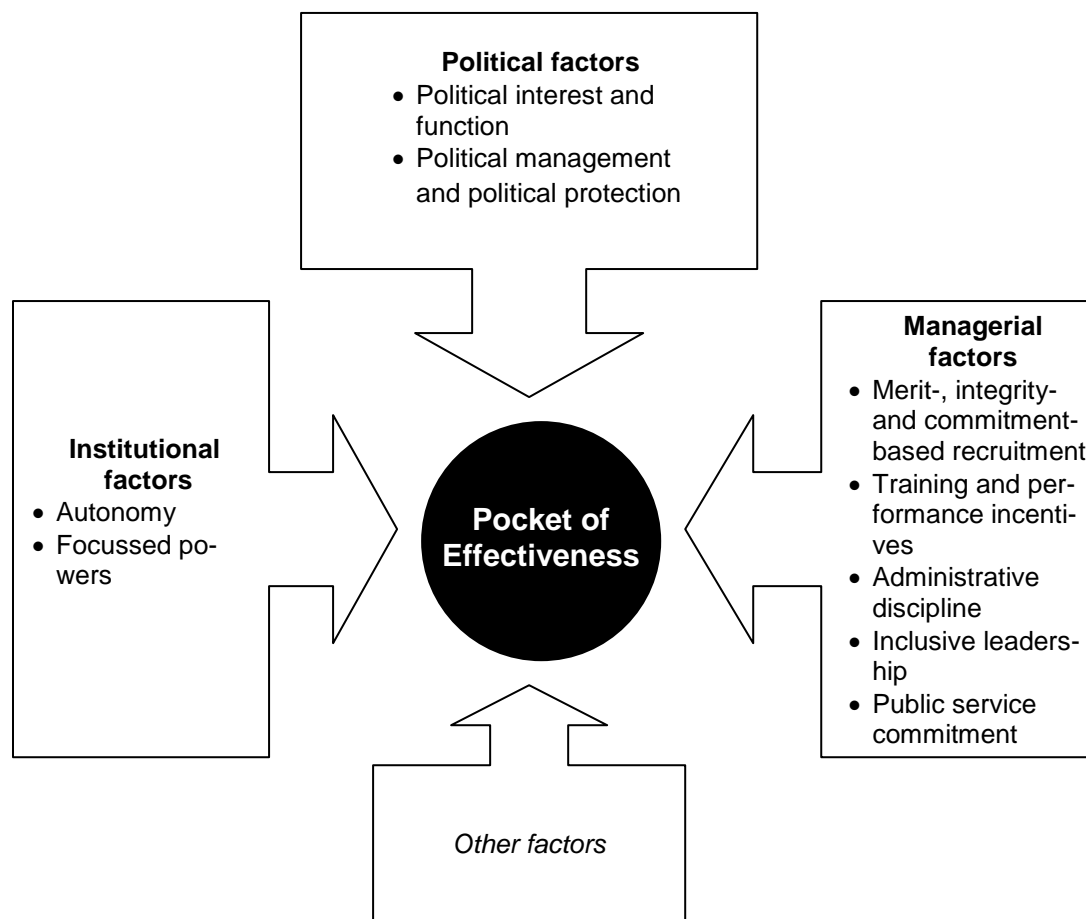
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<sup>13</sup> Although often only mentioned in passing, other authors have also arrived at this conclusion (see, for example, Laking 2005: 14 or Anders 2010: chapter 4). Shepherd (2003) is most explicit when he writes that autonomous agencies “do not appear to provide an adoptable model for broader civil-service reform” (Shepherd 2003: 19).

This section is therefore based on the results of the analysis of two PoE from the Nigeria study mentioned above (Roll forthcoming).<sup>14</sup>

After the analysis of these two case studies, our preliminary explanation for why PoE emerge is as follows (see also figure 4):

“In a given political context a decisive political actor (or a group of actors) has an interest that a particular public service is being delivered effectively. The respective public organisation is then provided with a high degree of autonomy, focussed powers and political protection. Moreover, a qualified and motivated pioneer leader with outstanding inclusive leadership and management skills is appointed. This explanation highlights that the key political mechanism for the emergences of PoE is the interaction of political interest and function. While the leadership and management factors are vital, they can only produce PoE if these political conditions are in place. On the other hand, the political factors alone are not sufficient either.” (Roll forthcoming: 11)



**Figure 4:** Categories of explanatory factors for the emergence of Pockets of Effectiveness (Source: Roll forthcoming: 12)

<sup>14</sup> These two case studies are the National Agency for Food and Drug Administration and Control (NAFDAC) and the National Agency for the Prohibition of Traffic in Persons and Other Related Matters (NAPTIP).

Not all of these factors can be introduced here in more detail. I will therefore focus on the two categories ‘political factors’ and ‘institutional factors’. Before I begin doing that however, it is key to understand that all factors, although they are now clustered in four separate categories, work together in a dynamic and non-linear political process. Not all of them are fulfilled at the same time and the boundaries between them are also sometimes blurred as the Nigerian case studies show (see Roll forthcoming).

The first explanatory factor for the emergence of PoE is ‘political interest and function’. We found that the president or people close to him developed an interest in a particular function being performed effectively. In our case studies these functions were the regulation and control of quality standards for imported and locally manufactured food, drugs, cosmetics, medical devices, chemicals, detergents and packaged water (NAFDAC) as well as the fight against trafficking in persons (NAPTIP). Presidential interest in these functions being performed more effectively was the foundation for equipping the respective organisations with the necessary institutional features and means for carrying out their tasks.

However, our explanation does not advocate some kind of crude intentionalism. Even in presidential systems, they cannot just establish effective public organisations from scratch. That is why the second political factor is equally necessary: ‘political management and protection’. The protection aspect simply refers to the fact that the interest of the president or other powerful politicians has to translate into political protection for the respective organisation and its leader. ‘Political management’ on the other hand means that the leaders of these public organisations are actively shaping the immediate political and institutional environment in which their organisations operate. This includes lobbying for political support and influencing decisions which strengthen the organisation’s position. Beyond internal management of the organisation, we found external political management to be key for PoE to emerge. In our cases, the respective directors managed to achieve better legislation and more institutional autonomy through negotiations with the president.

Turning to the category ‘institutional factors’, I start with outlining the factor ‘autonomy’. In our understanding, this is not confined to formal aspects of autonomy. While specific acts guarantee both of our case study organisations some degree of autonomy, this has to be continuously enforced by the organisation’s leaders and supporters. In contexts where the gap between legislation and reality is huge, this formal as well as informal enforcement work is essential. ‘Autonomy’

also includes financial autonomy. The directors of both organisations in Nigeria had to fight for their budget votes but went beyond that. They began raising their own funds through fees and other organisational revenues but then had to ensure that they could keep and use the money for their organisations. Approaching international organisations for financial and other support was another strategy to strengthen financial and organisational autonomy.

The term ‘focused powers’ refers to comprehensive and focused legal powers granted to these organisations through task- and organisation-tailored acts. In both cases this included prosecution powers. Therefore, they had the authority and the means to carry out investigations and prosecute people. This provision made them largely independent of the regular but often ineffective law-enforcement agencies and eliminated the risk of such agencies not following up on or delaying the PoE’s requests. This improved these organisations’ effectiveness tremendously. It also served as a powerful internal motivating factor for PoE staff.

So far, this explanation has focussed on the factors explaining the emergence of PoE. Our analysis of the factors explaining their persistence as PoE in an unfavourable environment is not yet concluded. What is obvious however is that the political interest in this particular function being performed effectively has to be renewed on a constant basis in order to ensure continued support and protection. Permanent political management by the respective leaders of the organisations is therefore required. Moreover, they have to build an external supporting constituency including civil society organisations, media, academics, international organisations, diplomats and others. However, this has to be done in a way which does not make the president feel threatened or put under pressure by this constituency.

What are the implications of these findings for this paper’s research question? First, the fact that PoE emerge out of an interaction of the organisation’s particular function and political interest, makes them a task- and therefore organisation-focussed phenomenon. In the political context of developing countries, the number of public organisations in which the political elite has an interest, is likely to be very limited. That limits the mechanism of PoE emergence to just a few organisations in any given developing country context. But even if there would be political interest in the effective performance of more public functions, PoE are the result of a complex interplay of factors which are difficult to copy.

Second, even if by definition PoE are performing relatively well and have managed to establish some kind of institutional autonomy as well as internal performance



culture and commitment, their existence remains fragile. Even if they have achieved some degree of institutional consolidation, they continue to depend on political protection and support for being able to perform effectively. That means that PoE and their leaders are often busy ensuring their persistence and therefore cannot become actively involved in propagating their model.

A third implication of our findings emerges from the closeness of the leaders of PoE to political power and the public hype that develops around a well-performing public organisation. This hype is usually generated by media, international organisations and diplomats and sometimes researchers. In addition, senior positions in PoE, often including the respective executive directors, are often filled with people recruited from outside the career civil service. Similar to executive agencies, PoE also often pay higher salaries and provide better working conditions given their financial and human resources autonomy. All this combined creates a lot of envy in the allegedly less-well performing public sector. Irrespective of the performance of their ministry or department, individual civil servants regard this as grossly unfair. Just like in the case of the executive agencies this has the potential to create tensions and conflict in the public sector at large. It is therefore more likely that other departments frustrate cooperation with these PoE rather than copying their performance-enhancing features.

#### **4. Conclusions: A realistic assessment of the potential of Executive Agencies and Pockets of Effectiveness**

After we have reviewed the literature and research on executive agencies and Pockets of Effectiveness in developing countries, which answer emerges for our main question? Does it make sense to ask this question at all and is the answer just a 'no'? I argue that it does indeed make sense to ask this question although the answer is a qualified 'no'. It makes sense to ask this question primarily because trying to answer it with empirical studies helps us to better understand the political, administrative and social contexts and dynamics in the respective countries and the ways reforms are transformed by and impact on them. This is essential because, as Therkildsen writes "*the success or failure of reform often depend as much on the context and strategy of reform implementation as on the content and policies of the reform*" (Therkildsen 2008: 30; italics in original).

Why is the answer to the question a qualified 'no'? It is now time to bring our channel models of how executive agencies or PoE could trigger public sector transformation and our findings from the literature together. The first channel model is based on the demonstration effect. Politicians or certain constituencies in the gen-

eral public have to lobby for or decide to learn from the lessons of executive agencies or PoE to apply them to the public sector at large. Given the evidence that semi-autonomous executive agencies have not improved public sector performance compared to the pre-agencification period, nothing positive to be imitated has been demonstrated. Therefore, we cannot expect such an effect. By definition, PoE *are* more effective than most other public organisations in the same context. Political interest in a particular function being performed more effectively has been identified as a necessary factor for PoE to emerge. Since politicians in many developing countries are often only interested in a very limited number of public tasks to be performed effectively, for example for ensuring their re-election, PoE are likely to remain what they are: ‘pockets’ in a context of ineffectiveness. Are civil society organisations more likely to take the demonstrated public effectiveness of PoE up and lobby for applying these principles to the public sector more generally? While pressure from the electorate for better quality of services is an important factor in many countries (Sozen and Shaw 2002), in most African countries strong public demand for improved service delivery is non-existent.<sup>15</sup> Many citizens in these polities, like in Nigeria for example, have been “exiting from the state” (Osaghae 1999) and try to avoid its representatives wherever possible. They have learned that encounters with public organisations such as the police more often than not make their lives more difficult and costly. Trying to make ends meet, self-help arrangements have replaced what the state has once promised but never delivered. People are disillusioned and too busy trying to make ends meet to have time for demanding services from a state, they have learned not to expect anything positive from. Put together, it is difficult to see how a demonstration effect should work in such a context.

The second theoretical channel refers to a ‘bureau contagion effect’. Do civil servants take executive agencies or PoE as models for imitation? Since executive agencies have been found not to perform particularly well, imitating them could only be interesting with regard to the higher salaries paid to their staff. Pockets of Effectiveness on the other hand, provide a potential role model. There might be individual civil servants who want to imitate these successes to serve their nation and to receive media and donor praise as well. However, given the fact that those senior officials in the public service often rose to their positions based on other criteria than qualification, professional standards and performance, it is unlikely

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<sup>15</sup> This is of course not valid for all countries and at all times. South Africa for example, is an exception to this rule. Riots and protests requesting better public service delivery have become an uncomfortable pre-election phenomenon for the ruling party *African National Congress* (ANC). But also in other countries in Africa, pressure for public service delivery does at times occur in cities or particular regions. However, most often they fail to bring about better service delivery.

that they are interested in doing that. While there might be exceptions, this would fundamentally challenge the very system these people have operated in and have benefitted from for decades. It would also endanger their very position and possibly even pension. Taking the general distrust towards outsiders in these PoE into account as well as the potential for conflict between PoE and regular departments, a bureau contagion effect is not likely to take place any time soon. Paradoxically, the very mode of how PoE emerge reduces the likeliness of this effect further. While some outsiders may join the PoE, the majority of staff are recruited from ministries and departments. There is a tendency that the most reform-minded and committed officials join PoE organisations and thereby lower the openness and capacity for reform in the broader civil service.

Is there any more hope in the ‘bureaucratic seed effect’? Studies on the impact of executive agencies have shown that even though their overall performance and impact is limited, internal procedures and commitment often improve within agencies. Agency staff could therefore at least take these ‘seeds’ along to other public organisations. Unfortunately, both the high salaries paid in agencies as well as the better organisational working environment make the option of joining a ‘regular’ ministry or department highly unattractive. Due to the good qualification, work experience and the benefit of having worked with this agency, former agency staffs often have lots of more interesting alternatives. Joining other agencies, donor organisations, becoming members of parliament or presidential candidates are only some of them.

The same alternatives are open to former PoE officials. Joining politics and being elected into government for implementing reform-oriented policies however is very challenging in developing countries.<sup>16</sup> On the other hand, the administrative option is not much more promising, either. Having worked for an organisation so well-advertised for their effectiveness, it would also be difficult both professionally and with regard to their relationships to the then new colleagues to join a regular department. Moreover, due to the close political connections necessary for establishing a PoE, especially senior officials might keep some kind of ‘political marking’. If the president, party or factions in power change, having been a senior member of

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<sup>16</sup> This is well illustrated by our Nigerian case studies. Out of those executive directors responsible for setting up or transforming the organisation into a PoE, some are still in office, others have retired but one of them has become a - defeated - presidential candidate (Nuhu Ribadu, former executive chairman of Nigeria’s Economic and Financial Crimes Commission [EFCC]) and another one first a minister and then a - also defeated - senatorial candidate (Dora Akunyili, NAFDAC’s former director general).

staff of a PoE closely related to a former government might even effectively exclude these people from the public sector.

In conclusion, while executive agencies cannot trigger public sector transformation due to a lack of performance improvement, PoE are unlikely to do so because of the particular political economy of the political and administrative systems in which they are embedded. Politicians assume that it is not the effective provision of public goods and services which will keep them in power but rather the continued distribution of natural resource or aid rents as well as public sector employment and access to public contracts. In the administrative system qualification and performance are often less important for recruitment and promotion than personal connections to powerful individuals or ethnic and regional belonging, for example.

Since it is the particular political economy which constraints the transformative potential of PoE, are political economy conditions thinkable under which they could contribute to public sector transformation? Such conditions would include a president and members of government who believe that significant public service improvements in particular fields are a powerful instrument for staying in power. In such a context, PoE could serve as starting points and building blocks for a reformed public sector. In the long run, the key challenge for such politician would be to make merit- and performance-orientation the dominant criteria for recruitment and promotion within the civil service. Roughly, this is what happened in some of the East Asian ‘developmental states’. Their administrations were also plagued by corruption and inefficiency. For various reasons, their political leaders saw economic growth as the best way to consolidate their power and deliberately created some key agencies. They were made effective enough to communicate with private business, make credible commitments and respond to their needs while at the same time avoiding being captured by them (“embedded autonomy”; Evans 1995). These agencies were set up strategically where it seemed to matter most for achieving fast economic growth. At the same time, other parts of the civil service were still left for rent-extraction to appease those actors who could otherwise have spoiled this incremental reform process. It often took decades until corruption and ineffectiveness were then more or less rooted out in the entire public sector.<sup>17</sup> If compared to this stylised scenario, three structural and strategic conditions are currently missing in most African countries. The first factor is a credible external or internal threat to political leaders to which they respond by building

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<sup>17</sup> What seems to have mattered more than just rooting out corruption is to increasingly centralise the organisation of the patrimonial system and use it in a strategic manner. Kelsall and Booth (2010) have recently coined the term “developmental patrimonialism” for this phenomenon.

the state and growing the economy instead of continuing to distribute rents.<sup>18</sup> What is also missing, is the perception of public service delivery improvements as an important factor for staying in power in this context. Finally a truly domestic economic and political development vision and strategy is necessary. As long as these and some other ingredients are missing, the chances of PoE having any transformative effect remain slim.

Despite this clear answer to the paper's research question, I argue that even within the present environments in most African countries, PoE actually fulfil at least three very important functions. The first and most obvious function is that through their relative effectiveness they 'transform reality' to a certain degree. Nigeria's NAFDAC has probably saved the lives of several thousand people by finding and banning counterfeit drugs. Through their earned credibility they also managed to achieve that neighbouring countries lifted a ban on drugs produced in and imported from Nigeria. NAPTIP on the other hand is working hard to keep the number of trafficked persons down and persecutes those involved in this criminal business. Services like these improve the livelihoods of citizens directly and protect their human rights to a certain degree. In countries where the state generally fails to do that in an institutionalised manner, these contributions cannot be overestimated.

The second important function of PoE in reform-discouraging environments follows directly from the former. A large gap exists between citizens and the state in most developing countries. If a PoE provides public services effectively in such a context, this has a wider significance beyond the service as such. It is a powerful political symbol for the state partly accepting its public responsibility. As a 'legitimacy residual' it become useful for (re-)establishing a service delivery- and accountability-relationship between citizens and the state some day.

The PoE's final function is that they enhance our understanding of how public organisations can work relatively effectively in unfavourable environments. In contrast to many donor organisations' assumptions about the universal applicability of certain public management models and techniques, they demonstrate the context-specificity of successful organisations and procedures. They frequently include unorthodox and transitional arrangements. Characteristics of the polity and administration in developing countries which are often assumed to produce only negative outcomes, such as strong personalisation, legal uncertainty and the power of informal institutions, can also be utilised for selectively improving public goods pro-

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<sup>18</sup> See Donor, Ritchie and Slater (2005) for a more detailed explanation of how this has worked in some East Asian 'developmental states' but not in other countries in the same region.

vision. This is precisely what PoE studies show and the neo-patrimonial perspective so common in African studies not only fails to see but rather makes analytically invisible (Therkildsen 2005). PoE therefore not only point to the importance of a political economy analysis before any (public sector) reform attempt is undertaken<sup>19</sup> but also of a context- and local solutions-sensitive study of what is working already.<sup>20</sup>

This paper began with a simple question and closes with an equally simple answer. Semi-autonomous executive agencies in developing countries have not contributed to a better public service performance, left alone had any transformative effect on the public sector at large. PoE perform relatively well but are not a magic bullet for transforming the public sector either. Because they perform essential functions in ‘bad governance’ contexts, they are still important enough to be studied and supported on their own merits.

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<sup>19</sup> See Laking (2005) for interesting suggestions for such a political economy analysis before semi-autonomous executive agencies are established. The review of experiences made with power and ‘Drivers of Change’ analyses in development cooperation (Dahl-Østergaard et al. 2005) also provides useful insights.

<sup>20</sup> In recent years some projects have emerged which go beyond the ‘deficiency focus’ of most developing country governance research (Institute of Development Studies 2010; Africa Power and Politics Programme: [www.institutions-africa.org](http://www.institutions-africa.org)). Like the PoE studies, they rather look at existing approaches and solutions and study them empirically.

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