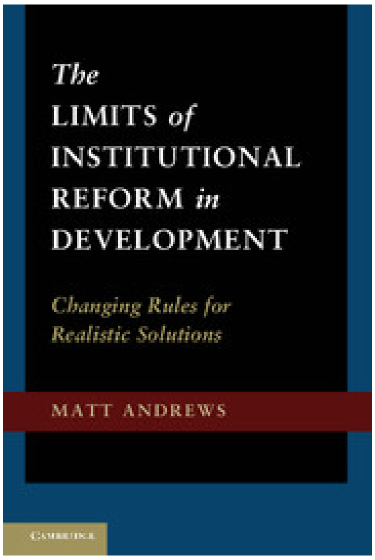
Book Review: The Limits of Institutional Reform in Development

Blog Admin

*Developing countries commonly adopt reforms to improve their governments yet they usually fail to produce more functional and effective governments. In this book **Matt Andrews** argues that reforms often fail to make governments better because unrealistic initiatives do not fit developing country contexts and are not considered relevant by implementing agents. **Maria Kuecken** finds this is a must-read that makes a substantial contribution to the field of institutional reform.*

The Limits of Institutional Reform in Development: Changing Rules for Realistic Solutions. Matt Andrews. Cambridge University Press. February 2013.



Find this book:

The importance of good governance in developing countries has been emphasized and re-emphasized. Multilateral and bilateral organizations, particularly in the last two decades, have dedicated huge amounts of resources to try to make governments work better. But for all that institutional reform is so highly regarded by the development community, the results of such reforms typically leave much to be desired. In *The Limits of Institutional Reform in Development*, Matt Andrews, an Associate Professor at Harvard's Kennedy School, takes an in-depth look at why reforms are not as successful as we hope and explores concrete strategies to circumvent these failings.

It does not come as news to most that efforts to change the rules of the game in developing countries, though widely touted as crucial, fall short of their anticipated outcomes. Due the breadth and country coverage of reforms, it may be difficult to arrive at a global understanding of their effect. But understanding the setting is crucial, and Andrews begins by creating this picture. He relies on commonly accepted indicators to show that the majority of reforms, typically intended to produce "a market-friendly, disciplined, and modernized government, "do not induce tangible improvements. Since indicators can only provide one aspect of the story, Andrews then delves into case studies in order to highlight specific characteristics that seem to be common to unsuccessful reforms.

So, why do reforms fail? In short, Andrews argues that reforms are generally enacted as "signals" – while they may succeed in terms of appearance, their oversimplification and over-specification lead to failure. For example, after the devastating 2010 earthquake in Haiti, there was a push from the international community to establish international building codes. As it turns out, reforms had already been attempted to improve existing building codes but suffered from a lack of enforcement inspectors, trained builders, and compliance accountability. In this case, can the establishment of new building codes really be considered an appropriate reform?

When a reform is used for signalling, context – especially informal context – is largely ignored. This means that reforms do not adhere appropriately to the specificities of a given scenario. Reforms as signals also try to imitate pre-established forms of best practice, almost always defined by outside actors. While following established standards might seem initially logical, this "isomorphic mimicry" usually succeeds at reproducing only some elements of the practice in context. Problematically, only a few key agents typically spearhead reform, rather than creating a diverse network of support. Moreover, Andrews methodically explains how "what you see is not what you get" because reform adoption can assure external legitimacy without actually changing the existing institutional structure.

The first half of *Limits* thus paints a fairly unflattering picture of institutional reform both in theory and practice. But Andrews' primary contribution follows in the latter half of the text in which he discusses a different method of bringing out governance reforms: using Problem-Driven Iterative Adaptation (PDIA). A mouthful of a term, PDIA "emphasizes the importance of problems as entry points for change and the reality of iterative process as the means by which change typically transpires." Put simply, the process is crucial. Though PDIA is based on existing notions, Andrews underlines the importance of adaptation in enacting reform. He relies on several examples to illustrate how some existing reforms exhibit PDIA characteristics, even if only at the margin in certain cases. But shifting focus to a more PDIA-based approach in institutional reform necessitates institutional reform in the development community itself, and Andrews tempers his suggestions by discussing the likelihood that elements of PDIA will be adopted.

Limits is laden with institutional theory and jargon that some readers might perceive as heavy, especially those new to this topic. However, Andrews frequently recalls the primary messages of previous chapters, demonstrating their links with the topic at hand, to keep the reader on track throughout the book. Andrews also continuously invokes a basic metaphor – that of a carpenter fashioning wooden pegs to fit in existing holes – in an effort to simplify the main ideas underlying institutional reform. His approach renders the book more accessible and ensures his messages will reach a wider audience.

Although Andrews notes that much of what he discusses coincides with views on governance from leading scholars and practitioners, his book builds further on existing ideas by providing concrete suggestions in an area that can, at times, appear abstract. *The Limits of Institutional Reform in Development* is an important text – a must-read – that makes a substantial contribution to the field of institutional reform.

——————————————-

Maria Kuecken is a Ph.D. candidate in Economics at the Paris School of Economics—Paris I Pantheon-Sorbonne University. Maria teaches graduates and undergraduates in Applied Econometrics and Development Economics. Specializing in development economics, her own research focuses on the determinants of educational quality in developing countries. She has blogged on a variety of issues for the European Journalism Centre, worked on educational projects in Rwanda, and interned in the Health Division of the Organisation for Economic Co-operation and Development. Read more reviews by Maria.