



Reforming donors in fragile states:

Using public management theory more strategically

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Abstract

This paper identifies ways in which donors can be more effective in fragile and conflict-affected states by exploiting theories and concepts drawn from public management. Fragile contexts demand donors look beyond blueprint solutions and work with greater sensitivity to local environments, adaptation to local contexts and enhanced organisational flexibility. Public management theory can help donors organise themselves to put these principles into practice. This paper hopes to widen the options donors have at their disposal to support organisational reform and advance more effective ways of working in fragile states.

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Abbreviations and acronyms

DAC	Development Assistance Committee
DFID	Department for International Development (UK)
FCAS	Fragile and Conflict-affected States
FOCUS	Engagement to Support Country-owned and Country-led Pathways out of Fragility
ICAI	Independent Commission for Aid Impact
IDC	International Development Committee
INCAF	International Network on Conflict and Fragility
LICUS	Low-income Country Under Stress
NPM	New Public Management
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
PSG	Peace- and State-building Goal
Sida	Swedish International Development Cooperation Agency
UK	United Kingdom
UN	United Nations
US	United States
USAID	US Agency for International Development

Executive summary

This paper provides an overview of public management concepts and theories that can help donors wanting to work more effectively in the unpredictable environments of fragile states.

The new policy framework for more effective donor engagement in fragile states focuses on the need to adapt development approaches to local conditions and remain flexible enough to accommodate unpredictability and change. These ways of working are also identified as key pillars of the ‘Doing Development Differently’ manifesto that many donors are now using to inform internal reform initiatives.

The paper identifies three central principles to this policy discussion – context sensitivity, adaptability and flexibility – and traces their connection to contingency theories of management. The paper’s main aim is to highlight how public management literatures can inform what it might mean, organisationally speaking, to advance these contingent ways of working in fragile states.

The paper does this by examining opportunities for cultivating and mainstreaming contingent ways of working inside donor agencies. Seven examples of public management concepts are examined, chosen because they are often referenced in policy literatures or else provide under-exploited opportunities to advance contingent ways of working.

The paper concludes:

- Autonomy is likely to have substantial benefits for contingent ways of working. Autonomy can permit deeper knowledge of and responses to local circumstances.
- The motivations of donor staff affect the possibility of more effective ways of working. Decisions around recruitment, autonomy and monitoring can crowd in more motivation.
- Performance measurement that is focused on learning and improvement is more likely to be effective than systems geared toward control and evaluation.
- Trust-based accountability between staff and supervisors is more likely to enhance organisational performance than formal sanctions-based accountability.
- Effective governance allows for aggregation of local knowledge from multiple sites and can encourage adaptation to local contexts and greater flexibility of approach.
- Risk management systems can maximize rewards and minimize failures. Nonetheless, systems to manage risk can also become an attractive opportunity to reduce risk exposure altogether.
- Leadership matters for advancing adaptability and flexibility but remains challenging to foster.

1 Introduction

Public management is a field of study tied intimately to questions of organisational behaviour and improvement. With a few notable exceptions, there has been very little application of its theories and concepts to the study of aid agency reform. This is a missed opportunity, as public management has the potential to propel new thinking about donor agency¹ reform and inform the search for greater effectiveness and performance.

At the same time, the aid policy community has begun to discuss the importance of local context and of new and flexible ways of working. ‘Doing Development Differently’ is a phrase encompassing a number of these new terms – including ‘politically smart aid’ and ‘problem-driven iterative adaptation’ – united by an interest in finding solutions that ‘fit’ the varied and shifting contexts of development.

Tracing the links between the policy desire for non-prescriptive, complex and context-specific way of working and theories of public management is valuable for a number of reasons. The academic literature offers mechanisms and analysis that can help integrate such ways of working into agencies’ organisational fabric. To the extent that donors’ internal procedures, practices and incentives are impediments to working in flexible and adaptive ways (Booth et al., 2016), theories of public management can inform reforms and support strategies for change.

The desire to do development differently is particularly strong for donors working in fragile and conflict-affected states (FCAS). Fragile states face systemic political and economic challenges that impede their ability to benefit from global growth trends in emerging markets (Davies and Hingorani, 2014: 10; ODE, 2011). This makes them especially challenging contexts for donors to be advancing poverty and long term development goals. And yet, given expected growth trajectories in emerging markets, FCAS will receive the bulk of concessional aid in the foreseeable future (Collier, 2007; Kharas and Rogerson, 2012).

FCAS are characterized by uncertain and constantly changing operating environments. Definitions of fragile states underline the fluid and unpredictable nature of their environment.² This uncertainty stems from their ongoing vulnerability to crisis and conflict (OECD, 2013; Putzel and Di John, 2012). In these environments, there is little scope for grand master plans or one-size-fits-all approaches; non-prescriptive reforms are likely to work best (Gelb, 2010; Hart et al., 2015; Manuel et al., 2012; World Bank, 2011). In focusing on the donor reform agenda for working more effectively in fragile states then, we examine contexts where there is both greater need and broader support for doing development differently.

The objective of this paper is to identify theories of public management that can inform what it might mean, organisationally speaking, for donor agencies to do development differently in fragile states. The paper is organised as follows: Section 1 presents the main policy problem for effective donor organisation and management in fragile states. Section 2 offers a theoretical introduction to how public management considers the contingent relationship between organisations and their environment. This section traces the administrative roots of contemporary policy demands that donors embrace context, exhibit adaptability and demonstrate flexibility. Section 3 examines seven analytical concepts as exemplars of the public management literature and its complex interdependencies that might advance context sensitivity, adaptability and flexibility in FCAS. We examine these concepts either because the fragile states literature explicitly discusses them or because they seem to offer underexploited opportunities for doing development differently. Section 4 discusses the varying degrees to which these seven concepts may be implemented and woven into the organisational fabric of donor agencies. Overall, the paper illustrates the value of drawing public management theory closer to practical matters of donor organisational reform than has been done to date.

1 By donor agencies, we are referring to governmental organisations that provide external financial and technical inputs for the purposes of global development.

2 The World Bank defines fragile states as low-income countries under stress (LICUS), which are ‘more unstable and unpredictable’ than non-LICUS countries (2006:55), whereas the UK Department for International Development’s (DFID’s) new definition of fragility focuses on the degree to which states are ‘susceptible to instability’ (Anders, 2016).

2 Making donors effective in fragile states: The policy problem

How can donors be more effective in fragile states? Two major policy statements have emerged in the past decade to help answer this question. The first was a set of 10 engagement principles for international actors prompted by the modest results achieved in fragile states. The 2007 Organisation for Economic Co-operation and Development (OECD) Principles for Good International Engagement in Fragile States (Box 1) ‘reflected a growing consensus that fragile states require responses that are different from better performing countries’.

Box 1: OECD Principles for Good International Engagement in Fragile States³

1. Take context as the starting point
2. Do no harm
3. Focus on state-building as the central objective
4. Prioritise prevention
5. Recognise the links between politics, security and development objectives
6. Promote non-discrimination as a basis for inclusive stable societies
7. Align with local priorities in different ways in different contexts
8. Agree on practical coordination mechanisms between international actors
9. Act fast ... but stay engaged long enough to give success a chance
10. Avoid pockets of exclusion (‘aid orphans’)

In 2011, the Development Assistance Committee (DAC) established a subsidiary body called the International Network on Conflict and Fragility (INCAF). Through INCAF, DAC members participated in the development of the New Deal for Engagement in Fragile States (2011). This collaboration came under the aegis of the International Dialogue on Peacebuilding & Statebuilding, a forum to bring together FCAS, international partners and civil society.

The New Deal commits over 40 signatories, including civil society organisations, G7+ members and bilateral and multilateral donors to three interconnected sets of goals (Table 1). The first set comprises specific peace- and state-building goals (PSGs) focused on mutually agreed objectives on priority activities in fragile and conflict situations. The second set (identified by the acronym FOCUS) outlines tools and mechanisms to achieve country-owned and country-led transitions out of fragility. The third set commits donors and recipient countries to building trust and suggests practices and approaches that can do this. This latter set of goals focuses squarely on incentivising donor agencies to enhance transparency, manage risk, use country systems, strengthen national capacities and improve the speed and predictability of funding.

Table 1: Three components of the New Deal (2011)

PSGs Peace- and statebuilding goals	FOCUS Engagement to support country-owned and country-led pathways out of fragility	TRUST Building mutual trust
Legitimate politics	Fragility assessment	Transparency of aid
Security	One vision, one plan	Risks to be jointly assessed and managed
Justice	Compact	Use of country systems
Economic foundations	Use the PSGs to monitor progress	Strengthening capacities
Revenues and services	Support inclusive political dialogue and leadership	Timeliness and predictability of aid

³ <http://www.oecd.org/dac/governance-peace/conflictandfragility/principlesforgoodinternationalengagementinfragilestates.htm>

The OECD principles and the New Deal are high-level political statements for how donors can improve their performance in fragile states. They both call for systematic change in implementation practices and represent an ‘emerging consensus on the need to adapt development approaches to the particular conditions of fragile situations’ (OECD, 2015: 131). They also implicitly accept such adaptation will require greater understanding of local country realities⁴ – including sensitivity to the ways donors intersect with conflict in the highly politicised environments of fragile states – and the need for donor flexibility in aligning with and accommodating recipient systems and processes. Lessons from practical implementation of public sector reforms in fragile states underscore the value of starting with problems rather than prescriptions, understanding domestic political context, working gradually and incrementally without losing sight of objectives and continuously learning and adapting as conditions alter (Williamson, 2015).

Box 2: Doing Development Differently: Common principles for successful initiatives

- Focus on solving local problems that are debated, defined and refined by local people in an ongoing process.
- Legitimised at all levels (political, managerial and social), building ownership and momentum throughout the process to be ‘locally owned’ in reality (not just on paper).
- Work through local conveners who mobilise all those with a stake in progress (in both formal and informal coalitions and teams) to tackle common problems and introduce relevant change.
- Blend design and implementation through rapid cycles of planning, action, reflection and revision (drawing on local knowledge, feedback and energy) to foster learning from both success and failure.
- Manage risks by making ‘small bets’: pursuing activities with promise and dropping others.
- Foster real results – real solutions to real problems that have real impact: they build trust, empower people and promote sustainability.

Source: <http://doingdevelopmentdifferently.com/>

Nonetheless, early evidence suggests a mixed record in advancing the principles of context sensitivity, adaptability and flexibility in fragile states (Davies and Hingorani, 2014; Nussbaum et al., 2012). Some of the challenges identified include the need for stronger political leadership in both +g7 and donor countries; working across traditional governmental boundaries; risk management efforts; and the delivery of visible results (Davies and Hingorani, 2014). The trust that is supposed to emerge among all stakeholders from working differently has not been as easy to foster as first thought. Interestingly, the report pays relatively little attention to the human dimension of working in fragile states, including implications for donor staff autonomy and motivation – that is, how individuals might translate these demands of flexibility and adaptability into action.

Recently, donor agencies and analysts have started to look at themselves more critically, recognising that a fragile states agenda demands new ways of working. The ‘Doing Development Differently’ manifesto emerged from a meeting of thinkers and practitioners advocating the value of development interventions that were ‘close to the ground, focused on solving problems that local agencies in governments and communities cared about through step-by-step processes in which many lessons were learned.’ (Box 2) These principles partly inspired some donors to support new frameworks for their work. The UK’s Department for International Development (DFID) explicitly created a new operating structure for their programmes called Smart Rules, aiming to empower staff and underline opportunities for applying discretion and judgment (DFID, 2014). Similarly, the US Agency for International Development (USAID) developed the Local Systems Framework to engage local communities, embedding adaptation and flexibility into USAID’s working principles (USAID, 2014). The rest of this paper presents theories of public management that may help these agendas identify what is meant, organisationally speaking, for donors to do development differently in fragile states.

⁴ See <http://www.conflictsensitivity.org/>

3 Contingent ways of working and public management

Public management has long understood the importance of context. Contingency theory is the name given to management approaches that place a premium on how contextual factors shape organisations (Burns and Stalker, 1961; Drazin and van de Ven, 1985; Lawrence and Lorsch, 1967; Perrow, 1967; Sauser et al., 2009). Differences in organisational attributes are directly related to environments, and organisations require the ability to respond and adapt to a given environment to perform and thrive.

By definition, contingency theories cannot offer a single set of principles or grand theory of management; the best organisational approach depends on fit with the environment within which organisations must achieve their aims. In this regard, contingent theories seek to design systems appropriate to conditions and then make things work. This requires three things from organisations and are implicit in efforts to do development differently: **an appreciation of context, an ability to adapt to this context and a commitment to remain flexible in the face of changing circumstances.** We present these three ideas as ‘contingent ways of working’ so as to highlight their intellectual debt to contingency theory, and discuss each in turn below.

Contingent approaches to organisation give primacy to the management task of interpreting **contextual environments** (Burns and Stalker, 1961: 103). In doing so, systems are designed that are appropriate to conditions in situ, furthering the likelihood of success. The contingency literature highlights a range of environmental variables that have a deterministic effect on organisational systems, including levels of instability, the nature of uncertainty and rates at which conditions change (Sauser et al., 2009).⁵ While virtually all environments exhibit some unpredictability, fragile states are especially uncertain because many decision-relevant features are likely to change rapidly.⁶ Sensitivity and awareness of local realities put a premium on understanding and gathering information within the shifting and precarious circumstances of fragile states, and making design and management contingent on the knowledge obtained.

Given the number of interacting elements and feedback loops that make predictions difficult and consequences uncertain, complexity theories are often elicited to describe the environmental contexts of development and fragility (Ramalingam, 2013).

Notwithstanding the emphasis on context sensitivity, the tendency inside aid organisations has been to elide differences in favour of master plans and universal prescription (Booth, 2016; Gulrajani, 2011). This approach is common among those advocating rationalist approaches to public management that see the possibility and desirability of an administrative ‘science’ (Simon, 1946, 1947). Administrative trends like those associated with New Public Management (NPM) continue to inspire hope for generalisable prescriptions and design solutions with universal applicability across all organisations – public and private, Northern and Southern – whatever their type, location and circumstance.⁷ NPM’s ‘contextless’ approach to modern public management reform is often derided for being incompatible with local social, political and economic environments (Haque, 1996; Pritchett and Woolcock, 2004).⁸

Within contingency theory, an appreciation of context informs **organisational adaptation** to environmental considerations. Unlike NPM approaches that seek models or ‘best practices’ emerging from objective scientific investigation and valid in multiple contexts (Overman and Boyd, 1994), contingency theory stresses the importance of solutions that ‘best fit’ a singular context. For example, mechanistic and hierarchical organisations are suitable when there is environmental stability, whereas loosely organic organisations are more appropriate when there are shifting conditions (Burns and Stalker, 1961). The process of ‘fitting’ an organisation to circumstances can occur in at least three ways: natural selection based on environmental conditions exerting pressures on organisations (like when biological systems evolve); mutual interaction between organisation and the environment (like the sun, rain and soil all result in crop yields); and an emergent systems approach whereby multiple contingencies are addressed in a simultaneous manner (like an interdependent social

5 Organisational context may also have an internal dimension, for example when management structure is meant to respond to organisational culture, technological shifts, size or the nature of the task (Drazin and van de Ven, 1985: 515).

6 Duncan (1972) articulates two dimensions of environmental uncertainty – one focusing on complexity and the other on dynamism.

7 Public and private sectors are now thought to be quite distinct actors motivated by different incentives and accountable to different sets of stakeholders (Kelman, 2007; Pollitt, 1997).

8 The generic NPM model of management comprises a set of seven doctrines, although not all are present in all cases to the same degree (Hood, 1991). These include (1) professional management of the public sector by a managerial class at the apex of organisations; (2) explicit measures and standards of performance; (3) greater emphasis on output controls; (4) disaggregation of public sector units; (5) greater competition in the public sector; (6) stress on private sector styles of management; and (7) stress on efficiency and discipline in resource use.

network) (van de Ven and Drazin, 1984). Contingency theories of best fit underpin current policy interest in development solutions that address clearly identified problems, emerge from trial-and-error or build on positive deviance in communities.

The process of adaptation is hardly ever a one-shot deal. As contexts change, organisations must be able to redirect themselves and feed back to changing circumstances and opportunistic moments. This puts a premium on **organisational flexibility**. Flexibility involves seizing opportunities, recognising dead ends, encouraging innovation and changing direction when necessary. NPM champions management flexibility through structural changes like disaggregation, decentralisation and the separation of policy-making functions from implementation ones. At the heart of the NPM exercise

is the desire to sustain a more innovative, efficient and responsive public sector, even if this has been harder to achieve in practice.⁹ Although flexibility is increasingly acknowledged as valuable, its primary challenge lies in managing tensions with the accountability imperatives of reporting, accounting and attribution that key stakeholders demand (Feldman and Khademian, 2001).

Public management offers a number of concepts that can be brought into conversations on the cultivation and mainstreaming of contingent ways of working inside donor agencies. Going beyond master blueprints and solutions requires knowledge of a menu of management practices that can be drawn on, often in combination, when appropriate (Brinkerhoff and Ingle, 1989). The rest of this paper introduces policy reformers and advocates of ‘doing development differently’ to such a prospective menu.

⁹ There is now a large and varied literature suggesting NPM reforms have not fulfilled the promise of more effective public organisations, particularly on the expected value to be had from limiting the size and scale of government (Brinkerhoff and Brinkerhoff, 2015; de Vries and Nemeč, 2013; Diefenbach, 2009; Hood and Dixon, 2015; Hood and Peters, 2004).

4 What can public management offer? An illustration of seven concepts

How can donors advance contextual sensitivity, adaptability and flexibility in their work in fragile states? What mechanisms are available to donors keen to mainstream these contingent principles and what evidence is there to support the use of certain strategies over others? The following section focuses on some concepts from public management that might help answer such questions. The variables chosen for closer examination are included either because they are explicitly discussed in the fragile states literature as ways to foster contingent ways of working or because they seem to offer underexploited opportunities to do development differently. Chosen concepts are meant to be illustrative of the potential value in applying public management theory to questions of donor reform in fragile states rather than exhaustive of all the opportunities that may exist for doing so.

4.1 Autonomy: the value of freedom and discretion

Organisational design decisions that reduce compliance activities and increase agents' freedom to act are likely to have substantial benefits for contingent ways of working. This is especially the case in fragile states, where monitoring is difficult. Contextual knowledge, best gathered by autonomous agents, will be in particularly high demand in adapting to a rapidly changing environment.

Autonomy is defined as freedom from external control and influence and can apply to a variety of levels of analysis. Among other relations, an agency can be more or less autonomous vis-à-vis its political authorising environment; an organisational unit can be more or less autonomous vis-à-vis headquarters; an individual agent can be more or less autonomous vis-à-vis supervisors.¹⁰

There is good reason to think constraints on autonomy at both organisational and individual levels in aid delivery have detrimental impacts on performance in fragile states. In situations of uncertainty, contingency theory suggests

relatively more authority should lie in the hands of field offices – the ‘street-level bureaucrats’ of development.¹¹ These will be the organisational actors closest to the ‘coal face’ of implementation. Evidence from both aid agencies and developing country governments supports this conclusion, suggesting greater autonomy helps project adaptability and flexibility. A study of Nigerian civil servants highlights that the more complex a project the more delivery benefits from greater autonomy. This is because more complex tasks need more ‘on-the-ground’ adjustment (Rasul and Rogger, 2013). Limited autonomy constrains the ability of aid organisations to gather local information and adapt to changing circumstances (Honig, 2016).

Greater autonomy is also associated with greater job satisfaction, greater commitment to the organisation and lower employee turnover (Galletta et al., 2011; Spector, 1986). Economics Nobel Laureates Jean Tirole and Philippe Aghion describe one mechanism that may explain part of this effect. They discuss agents who have ‘formal’ but not ‘real’ authority – who are not able to make decisions based on tacit or local knowledge as required in fragile states. For those with formal authority who cannot actually use contextual knowledge in decision making, it is rational to invest less in the collection of local information. This diminishes organisational learning and adaptation and explicitly affects agents’ incentives to gather contextual knowledge (Aghion and Tirole, 1997).

That said, autonomy is not always the right solution for advancing contingent ways of working. More autonomous agents are more capable of acting badly as a result of reduced constraints (Tirole, 1994). Street-level bureaucrats may ‘cherry pick’ targets in an effort to meet performance metrics. In this way, more autonomy without appropriately tailored measurement regimes may decrease effectiveness, leading agents to ‘hit the target but miss the point’ (Blau, 1955; Hood, 2006). Increasing autonomy should be done with care and in full consideration of the complex organisational effects to be had from shifting any single lever.

10 Authorisers are actors in the environment to whom organisations report and are ultimately accountable to, for example, parliaments, governments and executive boards. The organisational level refers to the management of donors agencies; agents are organisational staff (both headquarters and field).

11 The term ‘street-level bureaucrat’ is most closely associated with Michael Lipsky (1980) and refers to an organisational representative who interacts directly with citizens ‘on the ground’ or ‘in the field’. Examples include welfare case workers, teachers and donor field representatives.

There is also evidence that political environments can limit the exercise of autonomy. The de facto autonomy of aid's street-level bureaucrats has been linked to the relationship between aid organisations and their political authorisers, with more politically constrained organisations tending to give less discretion to their field-level personnel (Honig, 2016). Less autonomous organisations have less autonomous agents, which is detrimental in complex environments such as fragile states. This echoes findings from the broader public management literature that decentralised authority is associated with better performance (e.g. Moynihan and Pandey, 2005). Higher levels of individual autonomy are also associated with greater levels of organisational innovation and opportunities for learning, particularly where tacit knowledge is critical, as in fragile states (Bernstein, 2012; Hurley et al., 1998; Nonaka and Lewin, 2010).

Various attempts to deliver interventions to fragile states under different administrative procedures have sought to cultivate autonomy. For example, USAID's Offices of Foreign Disaster Assistance and Transitional Initiatives – the units that arguably focuses the most on FCAS – are exempt from procurement and approval requirements (USAID, 2015). Other donors have sought to mainstream autonomy throughout their organisations. For example, DFID's Smart Rules are explicit in their attempt to increase staff discretion and scope for judgement. One of the open questions is whether Smart Rules can alter ways of working in practice. Can they sufficiently improve staff motivation and trust that allows for their full utilisation? The House of Commons International Development Committee (IDC) asked the same question in a recent parliamentary report, suggesting there may be impediments to autonomy in practices because, to quote one senior DFID official 'many in DFID have – unfortunately – simply been conditioned now to look for rules ... So it's the culture now, not the rules, which are part of the problem' (IDC, 2015).

More autonomy for agents in fragile states is likely to facilitate contingent ways of working. However, achieving more autonomy is not simply about formally changing decision structures. If more autonomy comes to aid agencies in the absence of more holistic thinking about agents' incentives and performance management, more autonomy may have only a limited positive – or even a negative – effect on performance.

4.2 Motivation: agents connected to their work are more effective

The monitoring challenge facing aid organisations operating in fragile states is particularly acute. As such, the motivations of agents in the field become even more important than in other contexts. Design decisions around

recruitment, autonomy and monitoring can crowd in or out more motivated personnel. Organisational choices can also change the level of motivation in the same pool of agents.

Giving more autonomy to agents raises the question: Who are the agents and what might we expect them to do with greater operating slack? To borrow from one popular framing, to what extent are they public-spirited 'knights' or self-interested 'knaves' (le Grand, 2006)? We need motivated agents to gather contextual knowledge, to steer flexibly and to adapt to changing circumstances. If agents and organisations have greater autonomy but fail to act, there is no reason to expect improved performance.

There is reason to believe that motivation is an even more critical issue for public sector employees than it is for their private sector cousins. The ways in which public sector tasks differ from those of the private sector mean more depends on the agents' own goals and motivation (Dewatripont et al., 1999; Dixit 2002). As such, there is even greater need to investigate what incentivises good performance among civil servants.

Happier and more motivated agents are more likely to be able to put autonomy to good use, to make use of flexibility built into organisational design, to gather contextual information and to make use of it accordingly. There is a substantial literature that begins with the observation *not* that bureaucrats sometimes shirk, manipulate and steal but that they frequently do their jobs well and earnestly despite the absence of monitoring or financial incentives (DiIulio, 1994; Kaufman, 2006). In the language of public management, many employees seem to exhibit public service motivation – a genuine belief in what they are doing which motivates their day-to-day activities (Perry and Wise, 1990).¹² Aid organisation staff have often opted into a profession whose goals they care about.

The motivational mix of employees depends in part on recruitment and selection processes (Leisink and Steijn, 2008; Perry and Wise, 1990). It also depends on what happens after recruitment and within the internal organisational environments that employees experience (Grant, 2007). Organisational design choices that allow employees greater connection to the impact of their work are associated with more pro-social behaviour, such as greater voluntary effort (Gagne, 2003). Too much monitoring or red tape can crowd out pro-social motivation; for example, organisations can make choices about monitoring and compliance that reduce staff motivation (Belle and Ongaro, 2014; Moynihan and Pandey, 2007). Demotivated agents may be more likely to exit roles, or to switch to organisations where job design allows for more fulfilling work. Motivation, then, can be the product of organisational design choices around autonomy, recruitment and monitoring.

This does not mean staff motivation is entirely under donors' control, or that a 'knave' agent can be made a 'knight' via encouragement and changes in task design. It

12 The private sector management literature is undergoing a somewhat parallel realisation 25 years after public service motivation rose to prominence. See Grant (2013).

is striking, though, that DFID has much greater employee job satisfaction than USAID – that is, the aid agency with a more autonomous work environment and that is arguably less distrusted by political authorisers (i.e. Parliament, Congress) also has more satisfied staff (Honig, 2015). While few studies examine aid agencies through a motivational lens, some data exists that is consistent with the notion that agents matter. For example, World Bank project success is shown to depend more on the unobservable features of the individuals leading projects than on many of the observable features of the project or environment (Denizer et al., 2013).

Thinking harder about employee motivation in reforming aid agencies is likely to substantially impact performance, a finding the broader bureaucratic politics and development literatures echo (Israel, 1989; Warwick et al., 1979). The best way to reform aid agencies to work in contingent ways depends critically on the particulars of the agents – who they are and what drives, or can be made to drive, their performance. Where agents are, or can be, intrinsically motivated to accomplish the organisation’s goals, extrinsic motivators and monitoring will be less necessary. This may well be the best solution for fragile states. Reform attempts that fail to think through agent motivation are unlikely to realise their full potential.

4.3 Performance measurement: the importance of learning and improving

The need to measure – to quantify – performance is one of the most prominent ways the management literature intersects with practitioner conversations about donor agency reform. In this regard, performance measurement has found a decisive place in the conversation about how to deliver aid. Yet performance measurement runs the risk of altering agents’ incentives and behaviours in ways that augur less well for context sensitivity, flexibility and appropriate adaptation. Performance measurement for learning and improving donors is likely to be more effective in fragile contexts.

It is not inevitable that performance measurement precludes contingent ways of working in FCAS states; much depends on the ‘why’ of measurement. Table 2 identifies eight purposes that public managers have for measuring performance (Behn, 2003). If performance measurement is intended as a tool of evaluation, control, motivation and promotion, it may struggle in uncertain environments where data-gathering is difficult and gaming relatively easy. However, if the goal is organisational learning and improvement, measurement may have a more salutary effect on organisational performance.

Table 2: Eight purposes and orienting questions public managers have for measuring performance

Purpose	
Evaluate	How well is my public agency performing?
Control	How can I ensure my subordinates are doing the right thing?
Budget	On what programmes, people or projects should my agency spend the public’s money?
Motivate	How can I motivate line staff, middle managers, non- and for-profit collaborators, stakeholders and citizens to do the things necessary to improve performance?
Promote	How can I convince political superiors, legislators, stakeholders, journalists and citizens that my agency is doing a good job?
Celebrate	What accomplishments are worthy of the important organisational ritual of celebrating success?
Learn	Why is what working or not working?
Improve	What exactly should who do differently to improve performance?

Source: Adapted from Behn (2003: 588)

Measurement is challenging from a technical standpoint throughout the aid landscape, particularly in fragile states. Data are scarce, and independently gathered and reliable data even scarcer (ICAI, 2015: 3). In these cases, performance measurement is unlikely to gather data of significant value, and thus will be unable to directly motivate agents to be sensitive to context or adapt to changing conditions. For example, some of the strongest advocates of pay-for-performance aid believe the preconditions for such a scheme to work will often be absent in fragile states. This includes the lack of ‘independent verification’ and ‘contractible indicators measurable and verifiable in that context’ (Birdsall and Savedoff, 2011; Silverman et al., 2015: 17).

As World Bank Managing Director Caroline Anstey described the situation in fragile states, ‘We know what gets measured, gets done; so it’s vital we all continue our efforts to help countries build up their ability to collect data as they navigate the tough road ahead’ (World Bank, 2013). We need to ask whether (and when) the incentives that performance measurement creates actually help donors navigate the ‘tough road’ more fully. Can we measure the right things in fragile states for measurement to be a tool of control and evaluation? Where we *can* measure the right things for employees whose performance is tractable to summary statistics of performance, measurement may well be valuable. Where these conditions are absent, measurement regimes focused on evaluation and control may instead distort incentives and performance, reducing local information gathering and limiting adaptation.

Very few aid personnel have jobs for which all elements are amenable to measurement. When one’s job includes performing tasks that are both measurable and unmeasurable, measuring performance may lead to underinvestment in the unmeasurable task in favour of the

measurable task (where performance is more visible).¹³ For donor staff working in fragile states, this can disincentivise contingent ways of working because measuring context sensitivity, adaptability and flexibility is fraught with challenges. This is precisely what Rasul and Rogger (2013) find in the Nigerian civil service, with performance incentives and monitoring lowering project completion rates because of the distortions such monitoring induces.

Performance measurement and the need to account can also distort the focus of an organisation away from the field, which may have particularly negative consequences in fragile states. Agents can sometimes even game new performance systems just by changing their rhetoric (Eyben, 2010), which can have negative effects on field-level performance. In a study of 11 aid agencies, results measurement and reporting have been shown to distract frontline civil servants from field-related concerns (Holzapfel, 2016). Former USAID Administrator Andrew Natsios has argued that time spent on compliance distracts from local-level information gathering which limits USAID's flexibility and adaptability; he has called this 'obsessive measurement disorder' (Natsios, 2010). This is not only a USAID problem. Vähämäki (2015) finds in a study of the Swedish International Development Cooperation Agency (Sida) that the repeated introduction of top-down management results technology and the ex-ante specification of goals have, in fact, impeded the achievement of development outcomes. Neither DFID's Smart Rules nor USAID's Local Systems Framework touch directly on performance measurement systems.¹⁴ Failing to consider performance incentives for staff and the role they play in agents' behaviour may limit the ultimate success of these reforms.

Performance measurement is unlikely to be the best solution for promoting contingent ways of working in FCAS when measurement is for control and evaluation purposes. When pressure is put on a measure to control and evaluate, it is more likely to distort performance (Hoey, 2015). Performance measures are also likely to reduce adaptation by pre-specifying objectives, thus constraining a donor agency's ability to respond to changing circumstances.

Yet, this should not mean abandoning measurement altogether. Performance measurement that aims to learn about what's working is a critical vehicle for driving improvement. In such instances, measurement can help field personnel, headquarters staff and even political authorisers to 'see' the same reality. It can also help organisations adapt, understand and even replicate their success. Where there is no incentive for staff to distort the meaning of measures – like when they are rewarded for achieving desired ends rather than simply hitting targets – performance measurement systems may be of substantial value to donor agencies.

4.4 Trust: an alternative to sanctions-based accountability

Monitoring donor staff and punishing poor performers through sanctions is difficult in fragile states. This is because environmental unpredictability can change goalposts quickly and information gaps between headquarters and country-level realities can be large. The difficulty in sanctioning staff makes trust between staff and their supervisors a requisite for effective working. Not trusting the judgements of professionals inside donor organisations may be more detrimental to organisational performance in fragile states than elsewhere.

Fragile states are particularly fertile territory for rethinking whether donor agency sanctions-based accountability regimes are 'fit for the purpose' of fostering trust. Trust and sanctions are inversely related; organisations whose political authorisers distrust them are likely to be subject to sanctions (Natsios, 2010) and are less likely to devolve control to field agents (Honig, 2015). Meanwhile, while trust encourages flexibility, it may challenge traditional vertical forms of accountability (Feldman and Khademian, 2001).

Employees' trust of their organisations, employees' trust of one another and trust by political authorisers are all associated with higher organisational performance (Behn, 1995; Gould-Williams, 2003; McGuire, 2006). There is evidence that trust can be a virtuous cycle under certain conditions, with a trusting relationship between service providers and those monitoring services motivating better performance, as well as further trust (Tendler and Freedheim, 1994). Other drivers of trust include organisational stability (O'Toole and Meier, 2003); more empowered employees (Laschinger and Finegan, 2005); and a range of human resource practices like the fairness of performance appraisal and compensation, career development opportunities and perceived autonomy (Cho and Poister, 2012).

In contrast, contracting and accounting practices that treat employees as if they are likely to misbehave can diminish trust (Seal and Vincent-Jones, 1997). Legislative 'micromanagement' of organisations and managerial control practices like performance measurement also work against trust (Behn, 1995; Lorenz, 2012). This is because sanctions can breed distrust. As one former civil servant put it, 'Trust is about trusting people ... if you require people to demonstrate that they are complying with your diktat (however well-meaning or flexible that diktat is), then you are not trusting them.'¹⁵ And yet, building accountability systems based on trust – rather than sanctions – requires motivated agents, and may not be the best strategy when agents are thought to possess selfish motives. This is because trust-based accountability

13 In the language of economics, this is a 'multitask problem' (Gray and Hood, 2007; Heath and Norman, 2004; Holmstrom and Milgrom, 1991).

14 While USAID's Local Systems Framework discusses the detrimental impact on local systems-strengthening of focusing on outputs and outcomes, it stops at the water's edge of performance measurement as it relates to staff. To be fair, an analysis of USAID's systems thinking co-authored by one of the key authors of the Local Systems Framework notes the importance of staff incentives as a barrier to change (Brinkerhoff and Jacobstein, 2015), suggesting concern for these issues within USAID. That said, these changes do not seem to be part of this organisational reform.

gives agents greater degrees of discretion and autonomy (Mansbridge, 2014).

Trust has the advantage of not requiring much monitoring and performance measurement. It requires the ability to appropriately select and motivate agents who share the goals of the organisation and have the capacity to implement what needs doing. While it may be difficult to directly engineer trust, an organisation that lacks it will find operating effectively in fragile states difficult. Understanding and adapting to changing local circumstances requires trust by political authorisers and agency headquarters in the capacities of field-level staff. Inasmuch as aid organisations working in fragile states need to gather contextual information and act on this information, they need to trust agents in the field to do so.

4.5 Governance: achieving unity across dispersed actors

Effective governance has both formal structural and informal relational dimensions. Governance systems allow for aggregation of local knowledge from multiple sites and sources. They can reduce conceptual distances between different actors and lead to commonality of purpose that can encourage adaptation to local contexts and greater flexibility of approach. Nonetheless, they are not without risks and challenges.

For aid agencies, governance systems are supposed to help incorporate the variety of actors now working together to achieve development. Governance is the glue that binds new organisational configurations for development that transcend traditional boundaries between state and non-state actors (Hill and Lynn, 2004; Xu, Sun, and Si 2015). Governance systems include the formal and informal ways whole-of-government approaches get enacted and operationalised. For example, the desire to incorporate cross-boundary themes like terrorism, climate change and migration into the mainstay of development requires, at a minimum, coordination across government actors on elements related to these themes. Governance systems may also include the explicit and implicit ties that bind relations between state and non-state actors – for example greater interaction by donors with third-party contractors to deliver goods and services. In both cases, effective governance of cross-boundary configurations can enhance donor responsiveness to complex development challenges and embed flexibility of approach.

While the formal structures of government matter for governance, these are often difficult to change. For example, one might look at the recent observation that humanitarian assistance has now moved beyond pure short-term relief to a much longer-term focus on rehabilitation, in other words with greater overlap with the mission and purposes of traditional development assistance. Building horizontal systems that allow for

greater interaction and common purpose across these vertical policy spheres is of paramount importance, though this has proven easier to say than do. Fragmentation is acutely felt at country level, where frontline staff confront the realities of ‘stovepipes and silos’ (Brinkerhoff and Jacobstein, 2015). Uniting development and humanitarian branches of government has proven challenging as a result of institutional and conceptual divisions, misalignment between policy and practice, political pressures and lack of career incentives (Bennett, 2015). Horizontal whole-of-government approaches challenge the functional vertical hierarchies around which traditional government structures are organised. For example, multi-level divisions within donor agencies that distinguish between headquarters and country level, and rotate staff within them with some regularity (e.g. every two to three years, often more frequently in fragile states given risks and conditions), sit uncomfortably within whole-of-government approaches that privilege context sensitivity. Diverse interests, organisational complexity and tug-of-war games make transcending the functional boundaries of government an ongoing struggle (March et al., 1983).

As a result, effective governance across the humanitarian and development field may find it easier to concentrate on developing informal systems to work across institutional and conceptual divides. As a governance mechanism, collaborative ways of working involve practices ranging across informal networking, heightened communication and information-sharing, joint working, implicit if not explicit sharing of risks and responsibilities and the cultivation of collective common purposes (Halligan, 2010a, 2010b; O’Flynn et al., 2014). Governance through smaller-scale boundary-spanning activities across humanitarian and development structures may be less ambitious than full structural integration for sure. Nonetheless, it is also liable to be more politically and technically feasible in the short run, while also setting the foundation for wider and more formal integration processes in the longer term.

Effective governance of third-party contracts is also key to fostering contingent ways of working in fragile states where security risks can be significant, donor legitimacy low and recipient capacity limited (OECD, 2009, 2010). For example, aid agencies are hiring growing numbers of military and security companies to transport goods in highly insecure contexts, on the basis that donors themselves have limited ability to respond appropriately given high environmental insecurity, low in-house expertise and skills and limited access to service areas (Duffield et al., 2013). A similar logic governs the purchase of health services to meet the basic needs of conflict-affected populations, where the nature of need can shift quickly on both medical and geographic grounds (Herbert, 2013). Contracts partially shift responsibility for adaptation and flexibility to third-party deliverers, which, given outcome uncertainty in fragile states and the difficulties

15 <https://disidealists.wordpress.com/2014/11/18/trust-and-teachers/>. This reflection echoes Mansbridge (2014): ‘Sanction-based accountability is most appropriate in contexts of justified distrust. Yet it also creates distrust, which then undermines the foundation of trust-based accountability.’

of monitoring, provides them with discretion to make decisions.

While enhancing the flexibility and adaptability of third-party service providers is important (Booth, 2016), it is not without challenges and risks. Challenging because contracts tend to be highly specified and closed (e.g. on procurement processes), which can impede responsiveness and flexibility. Challenging as well because of negative public perceptions that taxpayer dollars going through firms may be more commercially minded than development-oriented, as well as susceptible to greater conflicts of interest. This is best illustrated by recent media concern that the UK channelled £25 million of aid money to purchase services from KPMG at the same time as it paid KPMG auditors £10 million to lead a consortium evaluating UK aid (Hellen, 2016).

Devolving contingent ways of working to third parties may also be risky because it is the contractors – not the employees of the donor agency – who acquire local exposure and contact and enhance their capacity for autonomous decision-making. This gives them considerable power to shape the menu of goods and services government provides, as well as incentivising the use of their expertise to shape those areas in their own image rather than on the basis of need (Bertelli, 2012: 127–32). Outsourcing donor functions has the potential for goal displacement, fragmentation of public service delivery and higher management costs. The more insecure the situation, the greater the distance between contractor and contracted and the greater likelihood of these effects occurring. In such cases, effective governance of such third-party relations may need to consider informal ways of fostering a sense of collective purpose, for example by selecting contractors on the basis of shared values or trustworthy relations with government principals (Bertelli, 2012: 139–40, 142–3).

4.6 Risk management: maximizing rewards, minimizing failures

Risk is endemic within fragile states and derives from uncertainty in the operating environment. Donors agree embracing risk holds the potential for higher rewards in terms of improved results and outcomes. Nonetheless, systems to manage risk can also become an attractive opportunity to reduce risk exposure altogether. Differential approaches to risk may offer a compromise solution.

From the perspective of donor policy, risk in fragile states is divided into contextual, programmatic and institutional risk (OECD, 2014).¹⁶ In fragile states where risk is endemic, it is assumed that ‘the risks of

failing to engage in these contexts outweigh most of the risks of engagement’ (OECD 2014: 19). Both USAID’s Local Systems Framework and DFID’s Smart Rules have embraced risk management, presenting their frameworks as opportunities to maximise success rather than minimise failure.

As in other areas of public management (Palermo, 2014; Power, 2004: 13), donors have embraced the value proposition of risk management that assesses, communicates, minimises and acts on risks. Risk management is now a key organising concept for many donors around which the contours of their behaviour and the obligations of their accountability relationships are drawn. Managing risk involves defining standards of risk and regulating accordingly. This can be an opportunity for furthering understandings of local context, although public management theory does indicate that risk assessments tend to be an imprecise science based on opinions, public perceptions and political appetite (Lodge, 2009: 399; Power, 2004: 12, 14). Nonetheless, continuous information-gathering and monitoring of risks does at least offer the opportunity to develop greater sensitivity to local realities on the ground. This can help inform better decisions in fragile states, for example by thinking carefully about where channelling aid through country systems may be viable (Hart et al., 2015).

Nonetheless, with growing media attention on aid failures and scandals, risk management has become an attractive opportunity to reduce risk exposure altogether. Regulating risks can thus challenge the principles of adaptability and flexibility. For example, in 2011, the UN introduced a ‘stay and deliver’ programme meant to build risk resilience and reduce withdrawals in high security situations. In practice, comprehensive risk assessments contributed to the ‘bunkerisation’ of international aid workers in such a way that challenged relations with local communities and key stakeholders (Duffield, 2012, 2013). This reduced knowledge of local dynamics and the trust of local actors, limiting donors’ ability to respond contingently. Increased distance from affected populations can implicitly promote the use of third parties to deliver aid. In such cases, risks are outsourced to those lower down the aid chain, including those potentially less capable to deal with the consequences should risks ever be realised.

Most bilateral donors have sophisticated requirements and instruments for managing fiduciary risks and do not greatly adapt their internal controls and policies to fragile states (World Bank, 2011: 197). This is notwithstanding the fact that high risks are potentially necessary to reap the higher rewards of peace- and state-building. The objective of compliance functions at donor headquarters is to limit risks through safeguard policies, fiduciary rules, procurement controls and security assessments. ‘Surveillance architectures’ clamp down on possibilities for

¹⁶ *Contexts* can change in rapid and unpredictable ways – whether through a return to violent conflict, economic deterioration or natural disaster. Donors have limited control of this type of risk in the short term, although those working in fragile states are meant to work towards minimising such risks in the long term. *Programmatic risks* are that donors do not achieve their objectives or cause harm through their work, whereas *institutional risks* relate to the range of potential consequences for the implementing organisation, including fiduciary losses, security risks for staff and reputational damage.

experimentation, innovation and ‘challenging the rule-book’.¹⁷ For example, the Independent Commission for Aid Impact (ICAI) (2014) warns that DFID’s Smart Rules may be overly tolerant of risk. Excessive concern with political accountability can engender a conservative organisational culture inside donor agencies, whereby experts who are normally accountable for what they do become more preoccupied with managing individual reputational risks (Power, 2004: 14). Rather than making public managers more confident about handling risk, risk management systems are in danger of developing a deep internal aversion to uncertainty, unpredictability and complexity. As a result, best-fit approaches to institutional transformation in fragile states that privilege adaptability and flexibility are potentially at risk themselves.

One solution to this acknowledged conservatism in risk management is to recognise differential inclinations to and prospects of risk. For example, in fragile states, matching the level of risk donors are prepared to bear with the type of modality to be used and the degree to which these should be pushed through country systems can tailor actions to both the nature of and donor appetite for risk (Hart et al., 2015). Making sure work in fragile contexts is adapted to donor realities and constraints may thus offer greater prospects for contingent ways of working.

4.7 Leadership: a beneficial art and craft

Leadership matters across an organisation for ensuring alignment with external needs, getting things done and directing the means by which things get done. The challenge is how to design and foster appropriate leadership within donors agencies that can enable contingent ways of working.

Leadership has long since been considered critical to management success because it is a basis for flexible action (Feldman and Khademan, 2001). In the context of fragile states, donor leadership is a craft that assimilates and responds to circumstances and needs. Leaders are critical conduits for contingent ways of working in challenging country contexts as they provide ‘[an] ability to judge when particular skills and approaches are relevant and desirable in a given context ... Leadership, then, is an art, based as much on judgment and intuition as on pre-defined skills’ (Buchanan-Smith and Scriven, 2013: 6).

Public management theory has long underlined the potential in leadership for transformational action through compelling visions, charisma and deep insights as well as the capacity to promote organisational compliance and performance by directing transactional activities (Burns, 1978). Three major tasks of leadership are to align the organisation with external needs and opportunities, to get things done and to direct the means by which things get

done (van Wart, 2003: 221). Each of these leadership functions has the potential for supporting contingent ways of working.

Taking each in turn, organisational alignment is most commonly the work of senior political leaders who must be receptive to global norms and identify what it means to be a good donor. Leaders will continuously define strategic intent and organisational mission in such a way that organisations adapt and stay relevant (Barzelay and Capbell, 2003). While donor organisations are not immune to adopting global norms for the sake of legitimacy alone, this is not necessarily always the case – nor is such behaviour always inimical to functional changes in ways of working (Andrews, 2014; Brown and Swiss, 2014; Gulrajani, 2006).

In terms of getting things done, leaders must make decisions continuously and incrementally and build support for their chosen strategic directions (Heifetz and Laurie, 1997; Lane and Wallis, 2009: 107; Moore, 1995). Getting things done requires the flexibility to create public value as well as maintaining political accountability for the decisions taken (Moore, 1995). In fragile states, for example, integrating short-term humanitarian aid and long-term development aid requires judicious leadership capable of responding to immediate issues and considering the long term consequences of engagement (Bennett, 2015).

Finally, directing the means by which things get done falls to both political and managerial leaders, who will need to provide clarity of mission as well as maintain responsibility for continuous improvement (Moynihan and Pandey, 2005). This can be particularly challenging during times of crisis, when uncertainty and complexity may shift goalposts and implementation strategies may be challenged (Keefer, 1993; Pressman and Wildavsky, 1984). And yet it is during crises that strong leadership is most valuable, for at such times systems are open to change and more opportunities exist to influence long-term trajectories and deepen reform efforts.

While leadership is notoriously idiosyncratic and hard to predict, opportunities to cultivate leadership may exist by creating spaces and trust so that leaders can emerge, rewarding risk-taking implicit in leadership and developing opportunities that can foster a strong sense of leadership (Buchanan-Smith and Scriven, 2013). While the question about whether good leaders are ‘born or made’ has yet to be fully resolved (van Wart 2003), there is now acknowledgement that leadership is more likely to result from experience rather than training.

17 There is some indication that donors are willing to entertain greater programmatic risk when aid recipients are strategically important (OECD, 2014).

It should be obvious from the length of the discussions above that public management is a rich and complex discipline but one that also has practical relevance. Its concepts are not only analytical constructs but opportunities for policy action (Colebatch 2016). The seven concepts examined – autonomy, motivation, performance management, trust, governance, risk management and leadership – all offer opportunities to cultivate and mainstream contingent ways of working

into donors targeting greater involvement in fragile states. Many of these concepts have already been identified as critical by donors, even if they continue to struggle to institutionalise them within their organisations. Other concepts have yet to be fully exploited in the policy world. Table 3 summarises how each of the seven lenses relate to the three contingent ways of working – that is, support the achievement of deep contextual knowledge, adaptability and flexibility.

Table 3: A menu of public management concepts for advancing contingent ways of working in fragile states

	Contextual knowledge	Adaptability	Flexibility
Autonomy	<ul style="list-style-type: none"> Incentivises field agents to gather contextual knowledge by allowing them to make use of it 	<ul style="list-style-type: none"> Allows rapid adaptation to local contexts 	<ul style="list-style-type: none"> Particularly helpful for more complex tasks, which need greater local adjustment
Motivation	<ul style="list-style-type: none"> Critical to knowledge gathering where monitoring difficult 	<ul style="list-style-type: none"> Where context can be assessed only by field agents, only motivated agents will be able to adapt programmes appropriately 	<ul style="list-style-type: none"> More likely to occur with motivated agents who share the organisation's goals, and when performance incentives do not motivate conformity
Performance measurement	<ul style="list-style-type: none"> When hard to measure accurately, performance management for control and evaluation (rather than learning and improvement) can crowd out contextual knowledge gathering 	<ul style="list-style-type: none"> Pre-specifying targets can reduce adaptability 	<ul style="list-style-type: none"> Need to account can shift focus away from field-level needs when used for control and evaluation
Trust	<ul style="list-style-type: none"> In many fragile states, only field agents can identify and verify important contextual features Organisations must have trustworthy agents and trusting relationships to be able to use contextual information 	<ul style="list-style-type: none"> Trust necessary for rapid adaptation by field staff 	<ul style="list-style-type: none"> Agent who does not feel trusted unlikely to make use of flexibility built into organisational rules
Governance	<ul style="list-style-type: none"> Can help aggregate information from multiple sources Can bring donors closer to clients May result in negotiated definitions and interpretations of context May deskill and devalue knowledge inside aid agencies Contracts may pre-specify contextually relevant variables Vertical relationships may challenge contextual sensitivity (e.g. HQ–field accountability) 	<ul style="list-style-type: none"> Can help steer separate parts to collectively adapt to local realities Contracting can both enable and limit adaptation 	<ul style="list-style-type: none"> Collaborative management can incentivise flexibility by fostering common purpose and sharing risk Contracting can both enable and limit flexibility
Risk management	<ul style="list-style-type: none"> Can help understand context (standard-setting and information-gathering functions) but nature of risk can also be socially constructed Perception of local risks can give rise to surveillance architectures 	<ul style="list-style-type: none"> Surveillance architectures tend to be inimical to adaptation Differential strategies to risk may assist with adaptation 	<ul style="list-style-type: none"> Minimising risk may decrease incentives to deviate from plan Differential strategies to risk may improve flexibility
Leadership	<ul style="list-style-type: none"> Good leadership will respond to local circumstances 	<ul style="list-style-type: none"> Leadership can align and define strategic intent in order for organisations to stay relevant and adapt 	<ul style="list-style-type: none"> Leaders make continuous incremental decisions and react to conditions Enhances flexibility during times of crisis May not sit comfortably with accountability imperatives

5 Moving forward: Taking theory into practice

The commitment to do development differently requires consideration of how public management concepts foster contingent ways of working but also the manner in which these features might be designed within donor agencies. Too often, demands for contingent ways of working are issued generically, with donor agencies left to ponder how to operationalise them using little more than trial and error, an appeal to think about local circumstances and an underspecified understanding of ‘incentive structures’. Difficulties in practically operationalising and mainstreaming contingent ways of working may be one reason appeals for non-prescriptive behaviour have delivered limited success in implementation (Copestake and Williams, 2014; Yanguas and Hulme, 2015).

Given this, it is interesting to consider which public

management concepts are more amenable to being mainstreamed into donors by policy-makers via design, rather than emerging indirectly by being ‘nudged’ – induced – as a result of other changes. Table 4 outlines how these concepts might be introduced into the operational life of donors. For example, one might consider that formal autonomy is amenable to direct design by policy-makers. However, it is also important to remember that changing just this feature of an organisation without focusing on its relationship with other factors, such as trust, motivation and performance management, may reduce its desired effects on contingent ways of working. Organisations are complex systems, and performance is in some sense an emergent property of these systems rather than something that can be designed through any singular dimension.

Table 4: How to introduce change within donor agencies

Concept	Mechanism of change	
	Policy design	Indirect nudging
Autonomy	<ul style="list-style-type: none"> Formal and actual decentralization of authority and decision-making 	<ul style="list-style-type: none"> Performance measurement not used for control and evaluation, but rather learning and improvement Greater trust More motivated employees Supportive political environments
Motivation	<ul style="list-style-type: none"> Recruitment and selection 	<ul style="list-style-type: none"> Reduce red tape Increase autonomy Connect employees to the impact of their work Supportive political environments
Performance measurement	<ul style="list-style-type: none"> Introduce performance systems that champion learning and improvement 	<ul style="list-style-type: none"> Measure the ‘right’ things in fragile states to reduce distortions Supportive staff incentives Supportive political environments
Trust	<ul style="list-style-type: none"> Reduce micro-management Reduce sanctions-based accountability systems 	<ul style="list-style-type: none"> Ensure organisational stability Strengthen human resource management practices like fair appraisals and opportunities for personal development Supportive political environments
Governance	<ul style="list-style-type: none"> Alter formal structures and contexts to encourage boundary-spanning activities 	<ul style="list-style-type: none"> Informal fostering of collective purposes and collaborative management
Risk management	<ul style="list-style-type: none"> Introduce risk management systems capable of dealing with differential approaches to risk 	<ul style="list-style-type: none"> Political environments can make aid organisations more or less risk-averse at the expense of impact Reduce sanctions for failure
Leadership	<ul style="list-style-type: none"> Selection or election of good leaders 	<ul style="list-style-type: none"> Support risk-taking and trust Encouraging experiential learning Supportive political environments

Effectively getting organisations to change will require creating spaces within donor organisations for contingent ways of working. This will, in turn, require thinking systematically and holistically about the ‘black box’ of the organisation and the individuals within. Reforms aimed at fostering contingent ways of working will ultimately be more effective if they focus on both ‘designing’ and ‘nudging’ performance, and on the interplay between the various public management concepts discussed here.

Contingent ways of working do not require donors to forego control over strategy and implementation, nor do they necessarily reduce accountability to domestic stakeholders (Feldman and Khademian, 2001). Public management can help policy-makers, political authorisers and aid organisation personnel think systematically about the complex and interdependent systems in which they work in such a way that balances the tension between flexibility and accountability. Doing so provides the opportunity to uncover donor levers of control and accountability consistent with flexibility, adaptability and contextual knowledge. In a promising example, USAID – long regarded as one of the most constrained aid agencies – has been having success focusing on longer-term impacts and engaging in a more open discourse with authorisers regarding successes and failures (Shah, 2014).¹⁸

Future efforts may also be directed towards ‘strategic discretion’ and ‘structured flexibility’ – concepts that can accommodate contingency without necessarily sacrificing accountability, donor control and strategic engagement (Brinkerhoff and Ingle, 1989; Gulrajani, 2014).

In conclusion, aid organisations are increasingly being called on to evolve and reform. A great deal of attention is paid to what direction that policy will take; substantially less is spent on how donor organisational reform will be achieved. This paper has tried to kick-start a conversation across traditional boundaries separating theory and practice to widen the menu of options at the disposal of donors when searching for best-fit solutions. To illustrate the value that may be had in such a conversation, the context of donors working in fragile states provides the ideal starting point. Uncertainty, instability and unpredictability in these environments mean there is little scope for donor master plans, linear planning processes and best practice solutions. To truly do development differently in these locations requires serious thinking about how to mainstream contingent ways of working inside donor agencies.

¹⁸ Former USAID Administrator Shah’s view was recently echoed by current USAID Administrator Smith’s remarks at a public event: <http://www.brookings.edu/events/2016/03/30-impact-foreign-assistance>

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