Overcoming behavioural failings: Insights for public administrators and policy makers

by

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1 Introduction

Traditional literature on public administration has tended to focus on systemic constraints and challenges and their possible solutions. In more recent times, 'new public management' has drawn attention to the use of modern management techniques to improve administrative systems.

Fundamentally, all of these are deeply impersonal examinations of systems - institutions, processes, and protocols. Missing is the individual. This paper places the individual civil servant as the object of study. Given that officers of the Indian Administrative Service (IAS) serve at all three levels of Government (Centre, State and Local), many of the anecdotes and lessons are drawn from them. However the behavioural insights apply, sometimes to a greater and sometimes to a lesser degree, to all Indian civil servants.

Given the harsh realities and challenges of administering public systems in India, *what can individuals do civil servants do to become more effective administrators*?

We explore behavioural attributes and management practices which can potentially enhance the individual's personality and professional skills. Unlike systemic factors, these are within the control of the individual concerned. This makes them promising areas for immediate and fruitful engagement.

We categorize these factors into two groups and this essay is organised accordingly. The first part concerns the individual's private self. It discusses behavioural and personal hygiene factors that can both improve personal efficiency and achieve work-life balance.

The second part concerns attributes and practices related to the professional self. They involve things that can be done to make them more professionally competent and functionally effective development administrators. In particular, they can help officers transition more effectively from being program implementers to policy makers.

There is little that is new about any of the factors that we outline. They have always been desirable, and successful officers have imbibed and practised some or all of them. *But in the past officers, even those dysfunctional or ineffective, did not have to pay a prohibitive price for behavioural shortcomings*. Times are

changing. Foremost, public expectations have risen dramatically, which has in turn shaped political expectations. Modern technologies and systems of information flows impose new challenges as well as open new opportunities. On the administrative side, performance appraisal is becoming more rigorous, the new empanelment process with its 360 degree feedback is more demanding, and there is likely to be increasing focus on performance. Finally, there is competition from officers of other services as well as lateral entrants.

PART I

2 Becoming better officers: The Thirteen Commandments

IAS officers have a unique career trajectory. Outside the armed forces, there is perhaps no profession in the world where youngsters, with limited or no experience of their functional domains, are parachuted into leadership positions with vast responsibilities. With only slight exaggeration, it is akin to being thrown into the deep end of an Olympic pool, and asked to learn swimming! Officers of the other All India and Central Services face similar challenges.

This essay has no advice for them on their substantive professional requirements. That is a unique journey for each individual, based on his or her background and education. Instead, we focus attention on certain cross-cutting skills which can be of great value in achieving professional success and work-life balance. The absence of some of these attributes have derailed the careers of officers with strong substantive skills or prevented them from realising their full potential.

These principles, proposed as a set of 'commandments'
- are simple to understand
- are within one's control
- will not bring an officer into conflict with politicians or courts; and
- do not pose any ethical dilemmas.

2.1 Thou shalt strive to be a good manager of time, task, and people

From their earliest posting, IAS officers perform the role of managers. Their work at all three levels of government demands a high level of proficiency in

the management of personnel, task, and time. Yet, perhaps because government is full of structure, procedure and routine, officers often do not consciously try to learn the principles and practices of management, and assume they are only applicable in the private sector.

While one may criticise the discipline of management for its excessive formalism and lack of analytical rigour, some of the basic management principles and practices are essential to succeed as a manager. *Therefore read and digest basic management principles from one standard management textbook. Keep re-visiting the book periodically.*

In any system with large numbers of employees, personnel management is important. IAS officers, unwittingly schooled into the "mai-baap" style of functioning, typically end up being highly impersonal and top-down taskmasters. This is unlikely to succeed in complex environments in today's world.

Successful personnel management is about motivating individuals and galvanizing the administration into performing. This does not mean being soft or condoning indiscipline. *Set clear objectives, milestones, and timelines, provide the requisite freedom to function, and monitor diligently. Stand by your employees for their honest and well-intentioned actions, and eschew any tendency to "lick upwards and kick downwards". Needless to say, none of this is possible without good command over your field of work.*

The British historian C. Northcote Parkinson famously said that "work expands to fill the time available for its completion". It is essential to escape Parkinson's trap. One way is prioritisation. *Classify work into three categories – the important, unimportant, and the rest. Be assiduous in following-up the important, ruthless with ignoring the unimportant and letting the system take care of it, and use judgement to delegate and intervene only when essential in case of the rest. Be prepared to accept reasonable or satisfactory quality in unimportant matters but seek excellence in important matters.*

A conscious effort to classify the main categories of work early in a posting can be a useful. It is also useful to identify the broad categories of subjects to be administered, meetings to be convened, reports to be sent, and so on, and figure

out those which need your personal attention and those which can be delegated. Delegate and shape expectations accordingly.

The other trap that officers struggle with relates to the urgent and the important. The former US President Dwight David Eisenhower famously said, "I have two kinds of problems – the urgent and the important. The urgent are not important, and the important are never urgent". The important determine success or failure with our own goals and priorities. With an urgent issue one is, more often than not, responding to somebody else's concerns. But since the bite of not complying with the urgent is immediate compared to the pleasure of realising the important, officers end up spending disproportionate time and effort on the urgent.

Far too often, on a daily basis, IAS officers grapple with the urgent, the so-called "fire-fights", and expend most of their time and effort in such endeavours. They can range from sending a report to the Ministry to responding to an adverse newspaper item. Then there are visits of the Chief Minister or evacuations after a cyclone warning. *Evidently some tasks are both important and urgent, and demand the highest priority. But most are urgent but not important, and should therefore be delegated or the response institutionalised. Just being conscious of this distinction can be useful to help prioritise.*

Finally, nothing is more important than effective time management, critical for both professional efficiency and work-life balance. In many ways, task and time management are two sides of the same coin. It makes task prioritisation all the more important to balance the time between the professional and the private. *Achieving the balance in effectively dividing your time between competing work priorities and personal life is critical for professional success.*

2.2   Thou shalt commit yourself to be a team player

One of the biggest failings of many civil servants is their inability to work effectively in teams.

In all their field postings, IAS officers function as top-down decision-makers. Success is determined by the work of hierarchical subordinates. However, team-work becomes important once they assume policy making responsibilities. It demands a willingness and ability to negotiate and compromise with peers,

collaborate to achieve consensus and share responsibilities, navigate policies through several bureaucratic stakeholders, and most importantly set aside personal egos and work as part of a team. Even within a Department, effective policy design and successful program implementation are a function of cohesive team work.

Far too often, officers end up being too egotistic or parochial or individualistic, and fail to view themselves as part of a team with members having complementary skills and roles. The result is that they struggle to carry everybody together.

One of the examples of the inability of officers to view themselves as part of a team is in the infamous "predecessor-successor complex" (more on it later) – the propensity of a successor to dismantle or discontinue by neglect any initiative of his or her predecessor. *Embrace the default position of continuing on-going initiatives unless there are compelling objective considerations*.

One way to practise team work is to constantly remind yourself that you are part of a team. A few thumb rules can help. *Understand your role and be comfortable with it. Contribute your share without hesitation or ego. Refrain from stealing credit and shifting blame. Praise good work by a subordinate or a peer. Support your subordinates on all their bona fide and well-meaning actions, irrespective of whether they succeed or fail. (Except in formal disciplinary proceedings) take responsibility for failure even if you are not completely responsible. Celebrate success collectively. Introspect collectively.*

2.3 Thou shalt cultivate the art of listening, not just talking

Another big failing of many IAS officers is an unwillingness to listen, to deeply detrimental effect.

Generalist administrators have to overcome the challenge of leading teams whose members are most likely to have far more domain expertise than they do. Their ability to command the respect of their team and enhance their effectiveness is, therefore, dependent on their capacity to access and assimilate knowledge about the new environment. This demands excellent listening skills.

In fact, if there is one competency that IAS officers should treasure, it should be the one of active listening. After all, as generalist bureaucrats, their expertise

lies, or should lie, in consolidating different points of views, stress-testing them by eliciting expert advice, and then taking decisions. This applies much more to policy formulation, with its examination of multiple dimensions and involvement of stakeholders across Departments, across different levels of government, and outside government.

Accordingly, the *importance of listening increases* the higher up one goes in the bureaucracy. But unfortunately, it is also a commonly observed trait that the *inclination to listen decreases* with seniority. This trait is more entrenched among the IAS because of the deep internalisation (during their execution-oriented early experiences) of giving and not taking orders.

The simplest and surest way to address this problem is to be conscious of this failing.

Practice active listening. Have a family member point this out and test this in your private life in social gatherings etc. Train yourself to listen and restrain yourself from offering opinions too often or too early in your meetings. Intervene only if you have an important point to be made, one not yet covered by anyone. This can also have the additional benefit of encouraging your subordinates to talk more freely and make suggestions and feel good about having made them.

2.4   Thou shalt cultivate the art of writing clearly and logically

There was a time when the ability to write good prose was critical to civil service selection. That is no longer true.

This in turn has led to a diminution of the perceived importance of writing skills among officers. This is unfortunate since, quite apart from the fact that writing helps clarify thinking, it has important practical relevance in the careers of IAS officers. Clear writing can be critical in decision making on complex and contentious matters.

Much has been said about the problem of decision paralysis that afflicts the bureaucracy, discouraging officers from taking decisions, especially those that involve breaking new ground or going against the convention. Undoubtedly the actions of vigilance officials and investigating agencies coupled with the fear of media trials have been major factors. But this paralysis is partly also a result of

degeneration of file noting skills, and the ability to convey precise and nuanced views.

Consider a situation which demands a change to the extant policy (say, delegation of power or change in a public works costing formula) or dispensing with a politically correct but inefficient process (say, replacing a least price procurement with a cost-cum-quality based procurement process). In such cases, making the case for the new policy requires a cost-benefit assessment of the prevailing and proposed policies, the evidence thereon for both cases from the specific context, perhaps a global (or national) perspective in this regard, and most importantly upfront responses to the likely criticisms of the proposed policy.

This is no easy task. It involves painstaking effort to consolidate information from numerous sources, distil it and construct a logical case. It needs an ability to argue the pros and cons of the proposed action, with clarity in facts and logic in argument.

Writing is a skill which can be learnt and improved. Devote time and attention to improving your writing. Do write and re-write important drafts on policy matters until they convey exactly what you want them to convey. Think of possible ways your writing might be misinterpreted and change the wording accordingly to avoid ambiguity.

2.5 Thou shalt practise courtesy

A call to practice courtesy can sound clichéd. But for a service at least some of whose members are perceived as arrogant, this is very important. In fact, the simplest way to improve the image of the IAS is to shed arrogance.

It is said that "all doors open to courtesy". One should be polite and courteous with all visitors - friend and foe, big and small, important and unimportant, senior and junior. Even simple practices like returning telephone calls and sticking to the time of appointments and engagements can generate goodwill and appreciation far beyond expectations. In so far as you reap what you sow, courtesy will always be repaid with interest. In fact, even when disagreeing or not fulfilling a request, howsoever unreasonable or unjust, a courteous response is likely to generate understanding instead of resentment.

The popular narrative as well as the folk-lore within the civil service itself paints the politician as often being a corrupt and malicious individual who needs to be dealt with firmly and strongly. This has sometimes led to officers seeing virtue in being brusque with elected representatives. Sometimes, such behaviour is even applauded in the media. As with most such things, the reality lies somewhere in between. Just as there are dishonest and good bureaucrats or judges, there are good and bad politicians. Being strict and firm does not mean being abrasive and harsh. Civil servants have a professional responsibility to be courteous with public representatives.

Be as courteous as possible as consistently as possible in your personal and professional life. Courtesy is twice blessed: It helps those who meet you, and enhances your professional effectiveness.

Also remember that feedback about you, good and bad, reaches decision-makers from the most unusual and strange quarters, often from people you do not know or expect. A courteous individual is more likely to benefit from favourable feedback.

2.6   Thou shalt obey all lawful and legitimate orders of superiors even if you dislike them

It is part of popular imagination that a forthright and honest officer should take on injustice and corruption, whenever and wherever he sees it, with righteous indignation and the passion of a crusader. Accordingly, in this pursuit, it is not uncommon to find officers transgress the boundaries of their responsibilities and jurisdictions. This brings, in the short run, the popular acclaim reserved for a rebel and a halo of moral superiority. But is this fair, much less legal?

As a matter of principle, it is important to express our views for consideration in a forthright manner and with conviction, invoking all the channels of deliberation. The Conduct Rules require us to express our opinion, not our boss's. And if the due process has not been followed, it is our responsibility to raise the anomaly through all the relevant channels, even put off its implementation until the anomaly has been rectified or a decision taken in that regard. In the rare case of a manifestly illegal written order, you are entitled to disobey it. But it does not empower you to exceed your brief and wage a public

crusade against the merits of the decision itself by mobilizing unrelated external stakeholders. That would be plain illegal.

With the rare exception of a manifestly illegal order, when after a decision is made by the appropriate authority in writing, irrespective of whether your views have been accepted or not, it is incumbent on you to abide by the decision. This applies as much to decisions taken in meetings as to those conveyed through files. It is just as applicable to mundane sartorial and personal grooming discipline in the mess of LBSNAA as it is to decisions on resource allocations or tender specifications by State or central governments.

To the extent that any decision is an exercise of judgement, benefitting one party or favouring one viewpoint, it is perfectly reasonable and fair for democratically elected governments and hierarchical superiors to make their informed choices even if contrary to the views expressed by us. As long as the due process has been followed, and there is no illegality, it is our duty to respect the decision and act on it. We need to move on with doing our work.

2.7 Thou shalt avoid bad habits

For good or bad, for factors beyond our control, the distinction between the public and private spheres of the life of an IAS officer cannot always be maintained. This is especially true in case of field postings. Officers are exposed to intense public scrutiny, and the good and bad they do lives after them. *It is therefore extremely important that you conduct yourselves with dignity in both professional and personal lives.*

Alcoholism and licentious behaviour are unlikely to go un-noticed and invariably become part of grapevine. Similarly, ostentation and profligacy, even with your own money, will attract undesirable attention. Excessive hospitality and socialising too come with serious downsides.

Receiving gifts is a slippery slope. What begins as a diary or a Diwali sweet packet can slowly expand to include iPad for children, jewellery for spouse, and so on. *The distinction between a gift and a rent is very thin, and unless one is very conscious, it is easy to unwittingly slide across the boundary. When you realise, it may be too late.*

Corruption is never a secret. *Those who matter (and those who do not) know if you have your hands in the till. While you may feel secure and confident at having taken the greatest care to maintain confidentiality in your transactions, you can be rest assured that it never remains confidential for too long. The stories can swirl all around you, without you getting even a whiff.* Lack of integrity of an officer rarely escapes the relentless scrutiny of the gossip mongers.

It is absolutely essential to avoid investments that make use of insider information on policy decisions. It is no less a corrupt practice. This is a certain recipe for disrepute. In the same way, it is prudent to avoid making investments in land in areas within one's jurisdiction during field tenures.

2.8 Thou shalt exercise caution with traditional and social media

The media is an integral part of the professional life of an IAS officer, all the more so in field postings. In certain posts it may be a professional responsibility to be accessible and keep the Fourth Estate informed about important matters of public concern. The media are an excellent alternative channel of feedback. On the other hand, Conduct Rules place restrictions on contact with the media and prohibit criticism of Government policy. Officers often struggle to strike the right balance in this relationship.

Access becomes an allure. The temptation of publicity can be irresistible and addictive. It is not uncommon to see officers succumb to the pleasure of having their activities with photographs covered with prominence daily. *This can be a slippery slope, where the urge for such coverage makes you lose sight of your professional responsibilities and unwittingly pushes us towards stage-managing issues and events. Some end up being captives of their favourite reporters – those who flatter them the most. Both information dissemination and access to feedback gets distorted. And you are that much less professionally effective.*

Further, excessive self-publicity inevitably generates jealousy. Word quickly spreads that the officer is all publicity and limited substance. It impacts seriously on the officer's credibility.

As if the traditional media were not enough, there is the social media. What started out as private networks to share informal and personal thoughts among friends are no longer so private. Twitter feeds and Facebook posts are played out in full public glare. For all practical purposes, these are now full-fledged public platforms. In the circumstances, discretion is essential. *Exercise restraint and express opinions as responsible public servants, governed by the official code of conduct. Eschew the temptation to gain publicity by weighing in on popular causes or controversial issues.*

It is important to not lose sight of the professional value proposition offered by the social media. It may help officers engage more actively, and hopefully more effectively, with the public at large on important civic issues. It may help communicate in real-time with all employees and relay instructions swiftly. But, it can also be a channel for self-promotion. *Be cognisant of this and engage with the social media in the first two cases and avoid the last.*

2.9 Thou shalt constantly try to learn new things

It is often said that entry into the IAS makes a person feel that he or she has "arrived"! A few years into the job and the heady feeling associated with giving orders entrenches a know-all belief. Officers stop learning, leave alone seeking to learn. Unfortunately this is also the beginning of the decline. This attitude has become the bane of not just individual officers but also of the IAS itself.

We live in a rapidly changing world. At the least, one should keep abreast of what is happening around one, the latest trends in development, the newest technologies, and so on. Apart from books, the internet can be invaluable in this regard. The recent emergence of Massive Open Online Courses (MOOCs) opens a great window of learning on almost anything from among the best teachers in their respective fields. All these can help officers be well-prepared at the starting line for just-in-time catch ups while moving across different sectors.

As mentioned earlier, this is critical for generalist administrators like the IAS as they assume a new post. Not being experts in their area of posting, it is only natural that IAS officers face the challenge of administering organisations with people who are experts in their respective domains. *Spend the initial couple of months in a new post consciously listening and engaging deeply to understand the sector. Acquire command over the major issues and initiatives, and*

problems and challenges of that agency. Humility can be an invaluable asset in such times.

2.10 Thou shalt keep open multiple feedback channels

Are statutory services being delivered within reasonable time? Is there any major quality problem with engineering works? Are tenders being gamed? Who are the egregiously corrupt and most efficient officials in your department? Are payments to external service providers being released on time? Are your employees satisfied with their work environment? Are there any major sources of employee resentment? What are the biggest concerns for your external stakeholders? Are you accessible and responsive enough?

These questions are likely to resonate across posts. It is also not possible to get accurate enough answers to them by relying on the formal channels of organisational information flows. They require opening up alternative informal and on-going channels of communication. These channels should also be diverse enough to help you get feedback from competing points of view. In particular, it is important to cultivate constructive critics.

This is important since it is not uncommon to find officers becoming entrapped in an echo chamber and losing contact with the reality. They rely excessively on feedback from a few channels, most often those who are flattering or positive in their feedback. After all, human beings are instinctively less inclined to critical feedback.

As we discuss latter, most development interventions are complex and pose formidable implementation challenges. In fact, successful implementation of new initiatives is about being able to iterate quickly based on feedback and improve the implementation design. Feedback from multiple channels can be the difference between success and failure.

Once in a job, set aside time and seek out and listen to all your important stakeholders on a regular basis. For example, a Municipal Commissioner can get invaluable insights about field realities by speaking separately to contractors and other important market service providers. It can never hurt to solicit feedback from all critical stakeholders before taking any important decision or starting out on the implementation of a major new initiative. One channel of

useful feedback can be the media itself, though one has to be careful to distinguish between objective and selective feedback.

2.11 Thou shalt plan to spend time outside the service

An uninterrupted thirty-five year career in one institution is not ideal. Make use of opportunities to take breaks either to study or work outside the government. This is useful for several reasons.

For a start, it is fair to say that officers selected through the Civil Services Examination are admitted for their general aptitude without being screened in any rigorous manner for the skills required for their jobs. While some skills can be acquired during postings, it may be necessary to explore external opportunities, which go beyond short-term in-service training, to acquire some others. Such breaks are good opportunities for this.

Second, given the demands of modern administration and a rapidly changing world, it is important that officers constantly learn and equip themselves with the requisite skill sets. Third, the exposure to external work environments and the fresh perspectives that they bring forth can add a new dimension to the officer's personality.

Fourth, a break is useful to reflect on one's career, identify areas for improvement or learning, and re-invent oneself, at least a little bit, for the good. Finally, just being outside the system and comfort zone can help break routines and shake up our own entrenched mindsets.

While it is not possible to plan these things to precision, it is useful to keep an eye out for these opportunities and grab them if possible.

2.12 Thou shalt maintain relationships in your service

As an extension of being courteous, *maintain good relationships with colleagues; it not only never hurts but will more than repay itself. It will improve your effectiveness as an officer in getting files cleared, getting objections nullified, and generally getting work done. Since you will be in the same boat for a long-time, every relationship is a repeat game.* And in such

games, everyone is smart enough to see through the shenanigans of a "matlabi" colleague.

Call on seniors meticulously. Take juniors out for lunch or dinner. Develop and maintain cordial relations with all colleagues. Be very generous and expeditious in attending to any legitimate request for help from a colleague wherever possible but within rules and without harm to yourself. And if it is not possible to accede, politely explain the reasons for not being able to do so.

Apart from the public interest, there is also an element of private interest. One of the features of a civil service career is that everyone will have their fair shares of good and bad times (read postings). *And at some time or other, many of you will have the good fortune of occupying positions where you can exercise some power over your own colleagues. Since the shoe can always be on the other foot, it is useful to bear in mind the Biblical saying "do unto others as you would have them do unto you". At least for this reason, it is prudent to engage with colleagues in the same manner you want them to treat you.*

Finally, it is also useful to bear in mind that postings rely significantly on word of mouth.

2.13 Thou shalt seek 'emotional stasis'

An important requirement for a successful career is to develop the right perspectives and shape expectations accordingly. This is critical to achieve emotional stability and the right work-life balance. The family has a critical role in this, as a source of guidance and support.

It helps to have hobbies and interests beyond one's work. Having interests in areas of development that intersect with the broad nature of work of the service helps. Similarly, enjoyable activities like reading, watching movies or hiking can serve as healthy diversions from work.

Find a handful of genuine friends with whom you can let down your guard and confide. They should extend beyond the civil service.

The other requirement to achieve such balance is financial stability. *Start saving very early. Invest your money judiciously. Do not be indisciplined in your spending and avoid ostentation.*

Do not hanker after high-profile postings. They will come in due course. But be always ready for the not-so-attractive postings which often have great potential for job satisfaction. Hold your head high in such so-called punishment postings. Take them in your stride. In the long-run things even out and your commitment is most likely rewarded. Similarly do not be over-joyed and become arrogant in the so-called "powerful" postings.

In fact, occasional postings which have lower profile and are less demanding on one's time should be welcomed, and help catch up on things. *Use these as opportunities to spend more time with family and children and pursue your interests with greater vigour. Perhaps it is an opportune time to give more attention to your finances and your fitness.*

Finally, of utmost importance is the realisation that you are not fully responsible for either the upsides or the downsides. Good fortune and circumstances play at least as important a role in a civil servant's career as competence and hard work. This helps traverse the upsides with humility and face the downsides with fortitude. It also helps one take adulation and criticism with equanimity. Furthermore, it helps one ignore false perceptions and peer pressures.

In the final analysis, emotional stasis is perhaps the most critical determinant of long-term success.

PART II

3 Becoming better at policy-making

The first part focussed on certain cross-cutting practices that can help officers become better and more efficient across the wide spectrum of work they do. We now look at certain other factors which can make IAS officers more effective policy makers.

IAS officers start their careers as field level functionaries entrusted with leading the *implementation* of various government programs and schemes. In these situations, they typically have clear rules and guidelines that define the implementation path. They are program executors and need to get things done by following predefined rules of the game. After a decade or so, they move to the State or federal government change from being program implementers to being policy makers or contributors to policy and program design.

Program implementation does not necessarily endow officers with all the requisite capabilities to become effective policy makers. Unfortunately, the behavioural attributes necessary to succeed with execution may not only be inadequate, but can often become stumbling blocks, in being effective as policy makers. Neither the recruitment process nor the implementation experience provides the requisite toolkit to become good policy makers.

In this context, it is important to make the distinction between program implementation, program formulation / design and policy-making. Our focus here is on the attributes and practices that are, especially but not exclusively, relevant in *program design and policy-making*. In particular, we are concerned about specific *traits that can enhance the quality of program design and policy making* as well as certain other *traits, found in implementers, which can be detrimental*. We also discuss certain commonly observed *biases that detract from objectivity and professionalism*.

While this has been written primarily with IAS officers in mind, given their unique career paths, these attributes are relevant to all civil servants occupying policy making roles.

3.1 Program Implementation, Program Design and Policy Making

How does program implementation differ from policy making or program formulation? The boundaries are not water-tight and vary by context, but a few illustrations will help.

a) In policy making, the questions are relatively wider than in program formulation—for example, should we focus on widening educational access or on improving quality of existing educational institutions? In program formulation, the focus is more specific—having decided that improving quality is the priority, what is the way in which quality can be improved? Should it be by better teacher training, better teacher testing,

better testing of children, paying incentives to teachers, improving school meals? How much money should be devoted to each?

b) Program formulation is a bit like designing an engineering structure, say, a fly-over. It is narrower than policy making but wider than program implementation. Program implementation is like constructing the fly-over based on the finalized design. The former involves consolidating and analysing data from traffic, topography, economic and other growth forecasts, soil samples and so on to finalize the landing locations, and the design features and strength of various civil engineering options. Once these variables are fixed, the construction work is an almost (not quite, but relatively) algorithmic adherence to the design.

c) The span of influence is much smaller with program implementation than with policy making. District collectors have smaller jurisdictions and therefore have the mental and physical bandwidth to exercise far greater control than a policy maker can over an entire state or nation. The latter demands simplicity in policy design, without too many moving parts to co-ordinate, control, and monitor.

d) A program has to accommodate the requirements of widely varying implementation environments of a state or country. This invariably necessitates incorporation of adequate flexibility to allow context-specific adaptation. Local initiative is essential to customize the program or policy to suit local requirements.

e) A policy or program spans several layers of high level bureaucracy, and even external stakeholders. It demands a wider perspective. A strategy that is applicable for administration at a lower administrative tier (district) is not appropriate for administering multiple layers. Implementation requires attention to detail.

f) A state or nation-wide implementation raises the possibility of wide variations in social, economic and political contexts. This, in turn, demands allowing for sufficient flexibility in the design of the policy itself to accommodate some contextual adaptation that could potentially increase the effectiveness of implementation.

g) Finally, while course-corrections and abrupt shifts are easier and likely with program implementation, it is far less so with program or policy design. This makes the case for incorporation of tight feedback loops into the program and its iterative adaptation all the more important.

In what follows, we often discuss policy making and program formulation / design interchangeably.

3.2 Being better policy makers – Behavioural Principles

There is a rich and growing body of research on behavioural psychology which illustrate that human beings are vulnerable to several cognitive and other biases. Such biases form and reinforce patterns of deviation from rational judgement about people and situations based on our prior personal experiences. They include generalising from a handful of data points, over-estimating one's own judgements, being anchored to personal experiences or anecdotes, reluctance to give up inferences formed from personal experiences, psychological comfort with logical consistency overlooking practical considerations, plain hubris, and so on. All these invariably 'cloud' our judgements.

Needless to say, we (the authors) have ourselves been afflicted on numerous occasions by several of these failings. To an extent, this is therefore a consolidation of our own failings and our learning from those experiences. This article documents a few of the most pervasive behavioural failures that come in the way of effective policy formulation as well as program implementation.

We believe that these insights are most effectively imbibed as a checklist of principles which policy makers would do well to keep in mind when they are formulating policies. In fact, it may be useful to occasionally step back from the ring and introspect and remind ourselves about these principles. An iteration of these over a period of time would help civil servants internalize these powerful principles and become more effective policy makers.

Also, as a note of caution, it is not our case that these principles are valid at all times and contexts, and in the absolute. As with all matters involving exercise of judgement, they are best kept in mind while processing information and making decisions.

The quotes in each section are intended to stimulate the issue under discussion. Some of them capture the problem itself while others seek to address it.

3.2.1 Bridge the "trust deficit"

"We need to have detailed guidelines, with unit costs, so that we can be sure that the financial allocation is not misused."

"We need to have a majority of direct nominees of the Government in the University's Board so as to ensure that we exercise control."

There is a very rich body of literature that has examined the importance of trust in the performance of societal organizations. Trust is described as the "propensity of people in a society to co-operate to produce socially efficient outcomes and to avoid inefficient non-cooperative traps"[1]. The same trust is as important to the effective functioning of bureaucratic organizations as societal and private organizations.

A characteristic feature of bureaucratic organisation in many developing countries is the near complete absence of trust of both its own personnel as well as those sought to be regulated. Officials at each level, in general, are taught to feel that their sub-ordinates cannot be trusted to honestly discharge their responsibilities. And the bureaucracy as a whole works on the assumption that their clients – citizens, businesses, private institutions etc – cannot be trusted to conform to prevailing rules and regulations.

The bureaucratic rules of the game are accordingly tailored to limit discretion. Apart from coming in the way of delegation, this also engenders an urge to regulate away discretion in the hope that it would lead to discipline. It is therefore no surprise that civil servants, steeped in this ethos, generally struggle to trust their sub-ordinate systems and personnel. Unfortunately, this stifles local initiative and creates unforeseen perverse incentives, besides prohibitive costs.

At the level of the regulated, citizens are forced to validate their documents on any application through a series of arcane processes, businesses are mandated to submit elaborate compliance reports, and private institutions are intensely micro-regulated. All these inflict enormous economic and social costs, both in terms of enforcement and compliance costs.

Consider the requirement for attestation of copies of a certificate by a gazetted officer or a notary to access any government service. It is possible to view the problem in two ways. There is an entrenched belief that in the absence of this safeguard, at least some citizens are likely to forge certificates and submit fraudulent copies. So, from the government's perspective of deterring fraud it appears reasonable to mandate this requirement.

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[1] Rafael La Porta, Andrei Shleifer et al, Trust in large organizations, AEA Papers and Proceedings, May 1997, pp 333-338 (http://scholar.harvard.edu/files/shleifer/files/trust.pdf) (Accessed on December 18, 2018)

But from the citizen's perspective, the associated additional cost and hassles are prohibitive. It appears all the more unreasonable given that the vast majority of citizens who are honest are being penalised to deter a miniscule minority. And the deterrence is itself deeply questionable, whether in discouraging those likely to indulge in such fraud or in punishing those certifying them (not to mention the inefficiencies and distortions from the emergence of a market in attestors and touts). If we do a cost-benefit assessment, it is unlikely to come out in favour of attestation.

It was only recently that the government took the leap of faith to dispense with attestation and accept self-certification. The former approach is purely regulatory, making everyone suffer for the likely actions of a handful, whereas the latter approach is facilitatory, trusting the citizens and easing access to public services while finding other means to prevent fraud.

The trust deficit entraps the system in a deeply sub-optimal equilibrium. The lack of trust within the bureaucracy and on the clients stifles local initiative and increases regulatory layers. But reposing greater trust is impeded by the strong belief that lighter regulation will lead to corruption and widespread abuse. Interestingly, this assumption is more a function of entrenched convictions than of any evidence.

Happily, there is a very rich and growing body of evidence that leaders who exhibit trust and are able to delegate responsibilities are more likely to develop cohesive teams that can perform at high levels of efficiency. In case of governments, reposing trust on citizens and pruning down regulatory layers would reduce harassment and lower transaction costs: a good example of sound economics and sound politics.

Therefore, a more effective strategy would be to fix accountability, align incentives, ensure transparency, and delegate to allow discretion at the cutting edge. Things will possibly go wrong. That cannot be helped. But incorporate active feedback loops, put in place response systems that allow for continuous implementation design refinement, and strongly encourage the bright spots that emerge.

3.2.2 Logic is sometimes an enemy of prudence

"For every complex problem, there is an answer that is logical, simple, and wrong!"

- *slightly rephrasing H L Mencken*

Logical solutions provide a level of psychological comfort for officials that can lead them to gloss over the practical problems likely to arise from the adoption of such solutions. Logic can blind us with an illusion of success.

The success of some important IT initiatives has led to a belief among many officers that E-governance can be a panacea for persistent development challenges; but this is an example of logic overwhelming prudence. It is now commonplace to have suggested IT solutions to problems everywhere – from schooling to transportation.

In many cases, while the information is necessary to get us to the starting line, it is hardly sufficient to realise the desired outcomes. The latter is contingent on addressing hard constraints and complementing information with smart and persistent monitoring. In fact, paradoxically, it is likely that the psychological comfort associated with the availability of information at finger tips provides an illusion of control that prevents us from exploring the more serious implementation challenges.

Consider a more specific example. Reconciliation of expenditures made by government agencies at different levels is a major problem. It is not uncommon to find audit objections pending for years regarding unreconciled payments made by Departments to their subsidiary units. Besides the audit formalities, this also highlights attention on the likelihood of large amounts lying unutilised at various levels of the government, even as the State or the Central governments struggle to find the fiscal resources to meet competing expenditure demands.

An oft-suggested logically neat solution to this is to move away from the system of advances and adopt one of post-expenditure or post-work or post-contracting reimbursements. This has logical appeal in so far as it ensures that fiscal transfers are made only when the work is completed or after the expenditure is incurred, thereby making reconciliation superfluous.

But this appeal to logic conceals the practical challenges of field implementation. For a start, subordinate offices may not have the resources to make payments and then claim re-imbursements. More importantly, there may

be practical difficulties with managing a system where fund releases are made contingent on expenditures. As it is, contractors struggle to get their bills processed by their immediate contracting government agency. To now have the same bills cleared at a level several layers above, may be a recipe for paralysis no matter how efficient the IT system.

This is not to suggest that logical solutions are always bad or that new systems must not be attempted. Rather, the prudent approach is that, when faced with radically different and logically neat solutions, it is useful to

- consult widely with actual field functionaries (even if they are suspected to be deliberately resisting change) and
- to test, as far as possible, the logical solution in field conditions through pilots or phased implementation with close monitoring and correction.

3.2.3 The world is second best, at best[2]

"Best-practice institutions are, almost by definition, non-contextual and do not take account these complications. Insofar as they narrow rather than expand the menu of institutional choices available to reformers, they serve the cause badly… real-world reformers operate in a second-best environment of their own, which means they need to keep an eye on how proposed solutions affect multiple distortions." – Dani Rodrik[3]

Logically consistent and idealistic models of public policy are mostly unlikely to work in the real world. They need to be subjected to the filter of real world constraints – social norms, political acceptability, financial and physical resources, and administrative feasibility. More often than not, each one of these constraints pose insurmountable barriers to the implementation of an ideal model of the policy initiative.

Similarly, best practice models of public policy are rarely ever successfully replicated. What works here is very unlikely to work with a similar effect elsewhere. Context matters intimately in public policy, and no two places are

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[2] Avinash Dixit, Governance Institutions and Economic Activity, Presidential Address to the American Economic Association, January 4, 2009 (https://www.princeton.edu/~dixitak/home/PresAd_F1.pdf) (Accessed on December 18, 2018)

[3] Dani Rodrik, Second-best Institutions, NBER Working Paper No 14050, June 2008 (https://www.nber.org/papers/w14050.pdf) (Accessed on December 18, 2018)

identical. Even when the idea underlying the best practice is replicable, its implementation design would need context-specific adaptation. Such adaptation would most often involve certain compromises on the ideal implementation design to accommodate contextual constraints.

Best practice examples of public policy interventions are generally either deeply rooted and dependent on the specific local context or the outcome of exceptional individual initiative by a champion leader. In case of the latter, the initiative is unlikely to survive the transfer or exit of the champion. Such models are therefore inherently not readily replicable.

But the clamour to replicate successful solutions is commonplace. Sample this,

> *"The District Collector of X initiated a program where all the public facilities in a Gram Panchayat were brought under a single campus. This enhanced administrative efficiency and oversight, reduced absence, increased safety for women, and improved overall outcomes over the past two years. We should strive to replicate this model elsewhere."*

Or this

> *"We are developing new building bye-laws like in the US, which defines standards, on par with the best in the world, on everything related to the building construction."*

Technology initiatives are often used as best practice models for emulation. Geographic Information System (GIS) based mapping of properties appears an elegant and logically sound strategy to improve property tax assessments and collections. Their attraction arises from the popular narrative of large numbers of unassessed and defaulting properties and the absence of granular data on such properties. The technological solution appears compelling and neat - geo-reference all properties, identify non-payers, assess, and collect.

In the real world, especially in the larger cities, it is not so much the un-assessed as the under-assessed and uncollected, and the low tax rate itself, that are the challenges. The completely un-assessed are more likely to be in slums and squatter settlements where assessment raises practical difficulties. Technology offers less help in these cases. Formidable state capacity constraints hinder progress in these areas.

None of this is to deny the undoubted potential benefits of such technology solutions. For example, GIS tagging is a promising and useful technology. But those benefits can be realised only if they are complemented with other

measures. As another example, a biometric attendance system cannot be fully effective without diligent follow-up action based on its information and its integration into a functional performance management system.

There are thus two lessons. One, best practice technology (and other) interventions, are not substitutes for addressing fundamental state capability weaknesses. Two, public policy problems being intimately influenced by context, best-practice solutions, most likely tailored around their specific context, are unlikely to be amenable for simple replication.

3.2.4 Comfort with holding multiple hypotheses about an issue

"The test of a first rate intelligence is the ability to retain two opposing ideas in the mind at the same time and still retain the ability to function."
– F Scott Fitzgerald

"We support a higher minimum wage since we feel it would improve overall incomes, trigger increased consumption, and boost private investment, thereby creating more jobs. But it is possible that the minimum wage would stifle investment and even cause job losses. The evidence we have today supports the former view. But we shall be open to feedback and if facts available change, we'll change our views."

Public policy initiatives are generally complex by their very nature. It is commonplace to find more than one causal mechanism or outcome, often contradictory, for each initiative. Similarly, implementation outcomes vary widely based on the context.

For example, as with the minimum wage, cash transfers can lead to potentially divergent outcomes. One theory of change postulates that individuals respond rationally to incentives and know what is in their best interests. Accordingly, cash transfers constitute an incentive-compatible and efficient means to achieve welfare objectives. But a contrasting theory of change would argue that individuals behave irrationally and are likely to fritter away such transfers. There is no way of reliably assessing *ex ante* which of the two opposing theories of change is likely to be realized in any particular context.

Policy makers need to be cognisant of this and be able to mentally juggle such contradictions. They should cultivate the ability to analyse dispassionately two contradictory propositions or likely theories of change about the same issue and then exercise judgement in favour of one, without ever becoming a captive of that proposition and losing sight of the other.

Further, they should constantly keep an eye out for tell-tale 'signatures' of those contradicting or alternative theories of change. This assumes significance in light of the uncertain dynamics of any initiative, wherein unexpected or less than desired outcomes may materialise instead of the originally desired outcomes. Unfortunately, in such instances, the strong mental anchoring around a specific program design and certain outcomes often become cognitive barriers for policy makers in revising that policy or program design. For example, once a program disappoints, instead of also revisiting the first principles of the program design, they tend to restrict their search for explanations to execution failures.

3.2.5 Comfort with ambiguity

> *"We feel that there should be a set of clear and prescriptive program components to improve learning outcomes that are implemented nationwide. We cannot abdicate our responsibilities and leave program components and their design to the discretion of the district or school. How can we implement such an open-ended policy across the country?"*

The conventional wisdom about policy making is that there are facts and propositions involving those facts, and based on them policy can be made with certitude. So we talk unambiguously about the right and wrong policies. But this narrative has very little resonance with the real world of public policy. In that real world, there are very few facts, much less propositions drawn from them, which can provide decision-support on important decisions with a high degree of certainty.

Instead, administrators must learn to be comfortable in dealing with ambiguity and decision making under uncertainty. They need to accept the reality that the vast majority of public policy challenges do not have a set of ready-made prescriptions that can be simply taken off the shelf and implemented. Most

often solutions are *sui generis* and emerge from context-specific local design, although based on some universal principles of program implementation. They are not amenable to the reassurance of prescriptive implementation guidelines and neat end-to-end monitoring. In fact, such a straitjacket strategy may be counter-productive and result in many failures, wastage, and even egregious corruption. The policy maker, while having mechanisms in place to mitigate such implementation risks, should be able to accept such turbulence.

Many development challenges have no neat, tangible and comforting solutions. The Harvard and former World Bank economist Lant Pritchett makes the distinction between thin and thick activities. The former are inputs and logistics focused and amenable to easy monitoring based on quantifiable parameters. Common examples include infrastructure projects, increasing school enrolment, recruiting doctors, and financial inclusion. In contrast, the latter are quality focused initiatives where the outcomes are critically dependent on the nature of cutting-edge human engagement. Learning outcomes, effective health treatment, bank account utilization, and all types of behavioural changes are not amenable to routine one-size-fits-all execution plans and top-down monitoring.

Policy formulation and implementation on thick activities (and even certain thin activities) generally require multi-pronged approaches where not only are some of the prongs diffuse and indirect in their effect, but also there is considerable uncertainty about their outcomes. They, therefore, demand an acceptance of the reality of uncertainty in outcomes and a willingness to accommodate multiple approaches. They defy the "*emerge-from-a-presentation-with-assured-solutions*" nature of conventional problem solving. This requires an appetite for ambiguity.

3.2.6 Detachment from 'achievements'

"When I was…, I did... So the policy on… should be…"

It is a common feature that people are strongly attached to their self-perceived 'achievements'. It means that their comprehension of the particular public policy issue is very deeply influenced, or clouded, by their prior experience.

Behavioural psychologists point to the certain biases that afflict the human mind. The availability bias anchors human mind to evaluate a topic based on the

examples available and entrenched in our memory. Similarly, over-estimation bias makes us repose far higher subjective confidence on our own judgements, than their objective accuracy would suggest.

Policy makers should be able to analyse a problem on its merits without being excessively encumbered cognitively by the specific experiences from their earlier postings.

Personal achievements are, almost by definition, the exception and not the norm. You only remember a handful of 'successes' from among the several initiatives that you would have tried during a career. It is also a fact that we forget out failures very fast! Almost always, the contribution of the individual "you" to its failure gets glossed over. The median bureaucrat and business-as-usual bureaucratic system may not be able to get the initiative past the post.

Further, personal achievements invariably suffer from over-estimation bias, whereby the individual becomes blind or at least overlooks the generally more nuanced actual implementation outcomes. The 'successes' get amplified even as the 'failings' are diminished.

The more effective approach may be to develop policy based on objective principles and then filter it based on anecdotes of achievements. A reversal of the order can, more often than not, be counter-productive.

3.2.7 Not generalising from a few experiences or data points

> *"We did cash transfers in PDS in our district. It was a remarkable success. We should therefore generalise and immediately scale up across the state."*

Human beings suffer from representative and anchoring biases, which make us crystallise our views on an issue from a few personal experiences and the limited examples that immediately come to our mind while discussing that issue. Such biases prevent us from realizing that our 'prior experience' is but just one data point and the particular outcome deeply influenced by its specific context.

In the process, we gloss over the contextual and other factors that may have contributed to the specific outcomes in our very particular experiences. For

example, our personal experiences are circumscribed in place, time, supervisory effort, and context. Given this scale of variance, it may be presumptuous to generalize from our experiences.

Consider the example of Utopia Electricity Distribution Company (UEDC). Its new Chairman Engineer Kumar introduced performance pay, with sub-stations as cost-centres, to incentivize officials to do rigorous energy audits and lower their distribution losses. This became a major success and Utopia lowered its distribution losses to the lowest in the country. After two years, Engineer Kumar got transferred and posted as Director of the State's Education Department. Glowing from his success with performance pay, he decided to introduce the same for teachers, despite stiff opposition from teacher unions. The tenth class pass percentage became the preferred metric. In two years, the initiative degenerated into a massive failure as teaching for the exam and copying became the norms.

Clearly, the two contexts are vastly different. In the former, it was possible to collect and disseminate information that was a credible measure of the objective sought to be realized. But, on the latter, in the absence of similarly credible metrics, the teachers responded by gaming the data collected and transferred. In fact, it may be very difficult to even translate the same success with performance pay in one Distribution Company to another.

In the case of senior policy makers this behaviour is amplified by the over-estimation bias that makes us prejudiced to the successes and against the failings of their own initiatives.

Personal experience and prior data points are valuable, and can make the difference between the right decision and the wrong decision with the same information. But, as in the case of personal achievements above, a simple thumb rule may be to abjure from making individual personal experiences the basis of broad policy inferences. Instead such experiences should only be used to *validate* policy prescriptions.

3.2.8 Top-down vs bottom-up perspectives on state capability

"We can effectively implement the ICDS activities in a district by having the GIS co-ordinates of all the Anganwadis, SMS-based attendance monitoring, random inspections by the supervisors, periodic training, and

regular monthly reports. This is a best-practice and shows the way ahead!"

The conventional wisdom on state capability views it as a supervision and monitoring challenge – how do we design systems and rules that enable more effective monitoring and supervision? An alternative approach to building state capability is the creation of an eco-system that facilitates and encourages effective implementation at the cutting-edge – what can be done to create an environment where the various stakeholders are incentivized or encouraged or nudged into effectively discharging their respective responsibilities?

There is a fundamental difference between the two approaches. The former is about super-imposing a top-down monitoring apparatus on the existing system, oblivious to the capacity of the system to deliver on the desired outcomes or the practical realities of economic and social contexts. In contrast, the latter is a bottom-up organizational re-design which seeks to create a network of incentive compatible accountability relationships that would increase the systemic capacity to achieve the desired goals.

The natural inclination of policy makers is to design policies with the former approach. The longer time generally required with the latter approach naturally discourages administrators, with their limited tenures. Further, the former engenders an illusion of control, which makes it more amenable to accommodate bureaucratic guidelines and provides safeguards against *ex-post facto* audit and vigilance enquiries. (Admittedly, this illusion of control may even be insisted upon by audit and vigilance agencies.) Finally, the latter involves the application of several levers of influence, most of which require considerable local discretion, and cannot therefore be reduced to simple prescriptions which can then be issued as guidelines.

It does not require much insight to appreciate that too many regulations and excessive enforcement is a recipe for more than harm than good. For one, the reality of weak state capacity means that regulations are more likely to remain on paper and open up the likelihood of selective enforcement. Rent-seeking invariably follows.

3.2.9 Difference between partial and general equilibrium

"The State's experiment with standardized tests in secondary schools did not succeed as expected. In the first couple of years, the test results were credible and it created competition. Subsequently, the teachers started gaming the tests, thereby significantly eroding its credibility. It highlights the perils of excessive reliance on testing and the challenge with the implementation of any performance management solution."

Most public policy interventions have an immediate result that is often very different, even contrasting, from its long-term impact. This applies to both pilot projects as well as the initial stages of a project, the outcomes of which are often at wide variance with those from its expansion in scale and evolution over time.

Our cognitive bias or reluctance to engage more deeply with the problem blinds us to mistake the intermediate output for the final outcome. It is also the case that the short tenures of officials encourage them to pay greater attention to the immediate benefits and overlook longer term costs.

Many subsidies have large scale unintended macro effects. Consider the example of subsidized farm power. When originally conceived, it was thought that it would enable farmers, especially in areas without assured irrigation sources, draw ground water to irrigate their fields and increase their productivity. But over time, political dynamics took charge, and the subsidy steadily increased till farm power became free. Free power encouraged skewed cropping patterns, and over-exploitation and depletion of ground water, all of which further increased power consumption, and so on.

Much the same applies to performance payments. If implemented without credible performance measurement metrics and poor implementation mechanisms, as is most likely in many cases, there is a strong likelihood that the performance system will not only be gamed but also slip into becoming an entitlement system. We are likely to end up with a business as usual system with a higher expenditure on the establishment.

In fact, the dynamics of scaled up implementation creates effects which often take away from the successes of pilot implementation. Primarily, unlike the focused and closely monitored implementation of small pilots, any scale up runs into the state capacity and other standard constraints of implementation. Invariably the results are far less encouraging than that of the pilot.

Another example comes from a recent study on the introduction in some American states of 'ban the box regulations'. These regulations prohibit initial job applications from asking candidates to tick a box indicating whether they have a criminal record. The assumption is that candidates can better explain their personal history in an interview. But this, in turn, created perverse incentives. Preventing employers from screening out candidates with criminal histories at the start of application process did not change their underlying desire to avoid hiring such candidates. Denied the screening, they started using race as a proxy for criminal history and increased discrimination against all low-skilled African-Americans[4].

This case is representative of the difficulty in anticipating all possible emergent outcomes when designing policy. Given the central role played by human agents in such transactions, and the numerous possibilities associated with human response to incentives, it is only natural that there be similar surprises most often..

3.2.10 Beware of the law of unintended consequences

Fervently supported by Baptists, early last century, some American states promulgated laws to ban Sunday sales of alcoholic beverages at legal outlets. Surprisingly, the biggest supporters of this legislation were the Bootleggers, who benefitted from the reduced availability and the opportunities to black market. In simple terms, the Baptists and their support for prohibition keep the Bootleggers in business! – Bruce Yandle, Bootlegger and Baptist[5]

Consider these examples. Treated bed-nets which are distributed to protect people from malaria end up being used as fishing nets. Toilets come to be used as store rooms. Bins distributed to encourage people to segregate garbage get used as buckets to store water. Free farm power lead to increased groundwater usage and depletion of water tables.

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[4] Sendhil Mullainathan, Ban the Box? An effort to stop discrimination many actually increase it, New York Times, August 19, 2016 (http://www.nytimes.com/2016/08/21/upshot/ban-the-box-an-effort-to-stop-discrimination-may-actually-increase-it.html) (Accessed on December 18, 2018)

[5] Bruce Yandle, Bootleggers and Baptists – The Education of a Regulatory Economist, AEI Journal on Government and Society, May/June 1983 (http://pirate.shu.edu/~rotthoku/Liberty/On%20Bootleggers%20&%20Baptists.pdf) (Accessed on December 18, 2018)

Road widenings merely provide temporary relief and exacerbate the situation by drawing more vehicles into the road. Well-intended urban regeneration projects end up gentrifying those areas and displacing the poor away from their livelihoods.

The larger the policy objective, the greater is the likelihood of unintended consequences. So macroeconomic policies – new financial market regulations, monetary policy decisions, trade liberalisation, environmental deregulation, and so on – invariably generate unintended consequences. If not adequately addressed, some of the unintended consequences end up dwarfing the originally intended consequences and the policy itself back-fires.

This should not come as a surprise: most policies benefit some at the cost of others, and to that extent have distributive consequences. The winners and losers adapt to the change in status quo to maximise their gains and minimise their losses. In addition, those who see opportunities in the new regime are attracted. How all these dynamics play itself out is difficult to predict with any degree of certainty in the case of large systems.

Even the most well-intentioned regulations generally inflict significant costs on legitimate business transactions. For example, instead of lowering the cost of formality, regulations aimed at addressing the problem of informality may end up actually increasing the cost of economic transactions. Consider the example of real estate market regulation.

In its ideal form, it would have many consumer protection standards, including complete transparency in transactions, title protection, and escrowing of the amounts collected from buyers. While undoubtedly laudable, they are also likely to increase the cost of development for developers, who are most certain to pass on the costs to the buyers, thereby forcing up prices. Taken to its extremes, its impact on the objective of making housing affordable may be less than benign. Hence the need for balance in designing regulations.

Or consider the case of progressive labour market regulations like mandatory employer funded labour protections. Take the example of domestic and construction workers, two categories who suffer from extremely poor working conditions. It is the natural response of well-intentioned people to demand regulation of working conditions and higher standards. Most often, if not always, they advocate state-of-art labour protections for these workers. But in extremely price-sensitive markets where the margins are very small (the

numerous layers of sub-contracting in construction reduces margins at all levels), the cumulative cost of these protections can be prohibitive for the employers. In such circumstances, the result of higher standards is likely to be regressive - workers forced out of the market by mechanisation, more informality, more harassment, and more corruption.

As both the examples of real estate and labour market regulations show, informality and its ills cannot be regulated away.

Since most policies end up having unintended consequences, as with the previous issue, *concurrent evaluation of policy implementation (whether so called or not) and course corrections thereon are as important as the policy's design*.

3.2.11   Policy making is often about iterating with a draft solution

"We want to implement the odd-even road-rationing experiment in X city. But we are conscious of the contextual problems. We also want to avoid too many disruptions. So we are adopting an iterative approach, where we propose to experiment with an implementation design, then constantly refine it based on emergent evidence. We hope to get the program design right in due course."

Horst Rittel and Melvin Webber famously described many social policy challenges as "wicked" problems[6]. They argued that such problems have no "solutions" in the sense of definitive and objective answers, much less "optimal solutions".

Given the complex nature of reforms in most areas, with several uncertain elements with potential to stifle economic activity, a more appropriate strategy may be to embrace an approach of iteration and adaptation in response to emergent problems to the original implementation plans.

Most persistent development challenges require using multiple interventions (or program components) and with varying intensity depending on the context.

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[6] https://www.cc.gatech.edu/fac/ellendo/rittel/rittel-dilemma.pdf

Consider the example of a program to improve learning outcomes in schools or lower traffic congestion or make housing affordable. Learning outcomes require interventions that enhance the quality of classroom transactions, empower and equip teachers with requisite capacity, and ensure effective monitoring of the interventions and assessment of learning outcomes. Apart from infrastructure, reducing traffic congestion would require interventions that encourage use of public transit, lower commute requirements, and restrict private vehicles usage. Affordable housing demand interventions to both increase supply and support demand.

It is impossible to just brainstorm and design an effective program with all the component interventions and their respective intensity and prioritisation. For a start, program features may need to vary across contexts. Further, implementation can surface unanticipated problems. In fact, these problems and the attendant public discontent may often provide precisely the right opportunity to mobilize the consensus required to take decisions that would otherwise have been difficult. As we know, there is no better opportunity to resettle river-bed encroachers than when there is flood.

In these cases, foisting a tightly-scripted program is unlikely to be effective. The program needs to evolve during implementation. Some things can make this evolution efficient. One, the first version of the program should be robust enough (but not the last word) and have sufficient flexibility for adaptation and improvement. Two, there should be tight feedback loops to gather and process information and sufficient capacity to incorporate and revise the original program design.

In management-speak, the first version of the program or regulation (in case of a new law) is equivalent to a minimum viable product (MVP), the best possible version that could have been formulated given all the multiple stakeholder concerns. But once the MVP rolls out, the problems of implementation invariably emerge. As the saying goes, the best response to such situations may be to "keep the powder dry"!

The basic premise here is that the success or otherwise of the roll-out of most complex development projects and public policy initiatives (programs or regulations) is not such much the original product, but the ability of the system to respond swiftly and effectively to emergent challenges. This is as true of

legislation as it is to a newly commissioned airport terminal or metro railway project. There is no substitute for field-testing and responding swiftly to the emergent problems.

This insight applies as much to program implementation as to program and policy design. Uncertain elements are always likely when we start out on the journey. Figuring them out is possible only during the journey.

3.2.12   Policies generally generate probabilistic and not binary outcomes

"Many issues in development – reducing littering, increasing learning outcomes, lowering traffic congestion, making housing affordable etc – are a long journey. There is nothing absolute about judging it. In fact, the standards of assessment of even the degree of progress made varies over time and with the initial conditions."

There are rarely, if any, outright successes among social policy initiatives. Like the proverbial hour-glass, the success or otherwise of policies and programs can be judged only in degrees and not in any unqualified manner.

For a start, most development challenges are unlikely to ever disappear. You do not ever eliminate poverty (like you do with a disease like small pox), but only alleviate and lower it. Public policy can only minimise the degree and extent of the problem. Success, therefore, is a matter of degrees and not the realisation of some absolute destination.

Further, most often, the success of the same policy vary widely geographically or among population or institution categories. In fact, it may be impossible to have a perfect program design that is able to accommodate all these multi-dimensional variations. Furthermore, the resolution of many complex development challenges is inherently likely to display wide heterogeneity.

Furthermore, most development problems are complex and specific policy initiatives are only an intermediate step in a long-journey. So, for example, financial inclusion is about enabling access to a formal financial institution, offering appropriate credit and savings instruments, helping overcome the behavioural biases that prevent utilisation, and providing sufficient financial

literacy to ensure prudent use. Each of the four prongs is critical to the realisation of financial inclusion and they are part of a long-drawn collective effort.

This also means that any initiative is, almost by definition, vulnerable to criticism. The critics are quick to seize the opportunity, notwithstanding the impossibility of reaching the destination in finite time. Instead of reflex opposition to such criticism, however ill-informed and unfair, it may be prudent to use it as a valuable feedback and improve the implementation design of the initiative. In fact, announcements like child-labour free or litter-free should be seen as provocations to elicit valuable feedback which can be used to further improve the program outcomes. The increasing use of challenge competitions to test the validity of such claims may also help internalize the probabilistic nature of outcomes associated with these initiatives.

In simple terms, judge initiatives in probabilistic terms – the degree of success or failure. To what extent has the initiative succeeded or managed to stave off failure? Then work towards constant improvements.

3.2.13   Willingness to make Bayesian updations

> *"Situations change constantly, rendering earlier assumptions meaningless. Twenty years back the challenge in school education was to get inputs in place – build infrastructure, recruit teachers, ensure student enrolment and attendance etc. Today, while these are in place, student learning still remains elusive. School education policy has to pivot to reflect the changed realities."*

Thomas Bayes, a 18th century British mathematician and theologian, made a seminal contribution to the field of logical reasoning. He formulated statistical rules based on the probability of event occurrences that allow us to combine prior beliefs with new evidence and improve the quality of the original hypothesis. In simple terms, Bayesian updation enables us to constantly refine our world view or theory of change based on new evidence.

The basic concept underlying Bayesian updation carries enormous, but deeply under-appreciated, significance in public management. Policy makers, for whatever reasons, generally make judgements that are based on certain

theoretical principles or data that are made available to them or advice given by experts. Accordingly, policies are formulated and programs designed. But the uncertainties posed by the implementation context (in terms of time, place, people, and resources involved and other environmental constraints), commonplace in public policy, are not typically given adequate consideration or are under-estimated in the decision making process. This generally manifests as program or policy flaws that contribute to their failure.

Since it is almost impossible to anticipate all contingencies and design policy accordingly, the best that can be done is to be receptive to the likelihood of failings and provide adequate flexibility to accommodate those emergent concerns. Policy makers should pay close attention to detect and exhibit willingness to update their 'priors' (i.e. prior assumptions), if needed, based on emerging evidence.

Consider the example of India's experience with Public Private Partnerships (PPPs) in the roads sector. At the turn of the millennium, the country embraced what was then claimed as the best incentive-compatible contract structure of Build Operate Transfer (BOT) Toll for its national highways. In such contracts, the concessionaire put in all the investment and recovered it through toll revenues. Soon, the risks from failure of traffic realization and construction delays surfaced, raising questions about the commercial viability of BOT Toll model. This Bayesian updation led to a preference for BOT Annuity model where the government took the commercial risk and made fixed annuity payments at pre-defined periodicity.

But this still left construction risk with the concessionaire. In a country where right of way acquisition is fraught with all sorts of uncertainties, it was a matter of time before cost over-runs battered developers. Another Bayesian updation led to the conclusion that it was prudent to mitigate at least some part of the construction risk. The result was hybrid annuity model (HAM), where upto 40% of the construction cost was paid upfront.

In conclusion, decisions under uncertainty should be made based on available data, which is filtered through the lens of knowledge about the context, and be constantly updated based on any new evidence.

3.2.14   Follow rational scepticism

"Water conservation and management measures have been my main focus. The entire district administration was galvanized around the program. Our hydrologists say that in the last two years the water table has risen by 5 m. But I'm not very sure. We need to have truly independent assessment of the outcome."

There are rarely neat successes with fool-proof solutions for non-technical problems. Policy makers should refrain from peddling them and also take such claims with a bucket of salt. Even otherwise, in general, it may be rational to view performance data in any field with scepticism and have mechanisms to validate them through independent agencies.

It has become commonplace to hire consultants to evaluate a policy or intervention. Unfortunately, such exercises often end up being favourable documentation rather than a rigorous assessment.

This assumes even greater relevance in today's world of social media-based information dissemination. It is not uncommon to find exaggerated positive claims being made based on tiny samples or anecdotal evidence, glossy documentation, worse still newspaper articles, and they in turn go viral with re-tweets and likes. The resultant peer pressure can only serve to align incentives of everyone towards more such superficial "achievements".

Then there is the other side: the instances of deliberate exaggeration of negatives in both conventional and social media.

The re-tweet or likes of these positive and negative exaggerations becomes a negative social externality. A healthy scepticism for such claims—both the positive and the negative-- can therefore be socially valuable. More fundamentally, as responsible public officials, civil servants should both refrain from making as well as promoting positive claims which are not grounded on rigorous enough evidence but also contradict non-rigorous negative claims. We should strive to incentivise each other into holding our claims to high standards of evidence. There is a Tamil proverb which says: 'Don't believe what you see with your own eyes. Don't believe what you hear with your own ears. Believe only that which you have thoroughly verified.' This is good advice for civil servants.

3.2.15   Tolerate failures and allow "a million marginal revolutions"

"Action fuelled by doubt allows for failures to be left behind… Instead of asking: what benefits [has] this project yielded, it would almost be more pertinent to ask: how many conflicts has it brought in its wake? How many crises has it occasioned and passed through? And these conflicts and crises should appear both on the benefit and the cost side, or sometimes on one—sometimes on the other, depending on the outcome (which cannot be known with precision for a long time, if ever)." – Albert Hirschman[7]

"Cross the river by feeling the stones." – Chinese proverb

One of the unfortunate unintended consequences of excessive transparency and media scrutiny of policy implementation has been to shrink the space available for policy experimentation. Faced with the possibility of being criticised for implementation shortfalls, always likely given the complex nature of most development challenges, governments have become naturally excessively risk-averse. Policy gets designed to avoid certain headline failures, even at the risk of compromising on more important underlying factors.

Perverse incentives are easily engendered. Given the lower threshold for failures, officials are loath to experiment for fear of accompanying retribution. Worse still, they become more bureaucratic by refraining from delegation, preferring one-size-fits-all policy design, and adding procedural layers to minimise discretion and maximise top-down control. After all no one ever lost his job for following the norm.

Also, officials are incentivised to engineer numbers and outcomes to present a more favourable picture. Further given the likelihood of Right to Information Act (RTI) requests, officials are now less willing than before to allow independent evaluations, lest it shows up with less than comfortable findings which in the past would have been used for internal correction but will now result in external flagellation.

In contrast, if one were to zero down on the distinguishing features of Chinese economic growth over the past three decades, the importance of

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[7] Malcolm Gladwell, The Gift of Doubt, New Yorker, June 24, 2013
(https://www.newyorker.com/magazine/2013/06/24/the-gift-of-doubt) (Accessed on December 18, 2018)

experimentation and tolerance of failures (admittedly in a country without right to information or writ petitions or freedom of the press) cannot be over-stated. In a nutshell, be it de-collectivisation, township and village enterprises, special economic zones, price reform, share trading etc, the government allowed low-profile experimentation, tolerated failures, and came forward to bless successes once they were demonstrated and have them scaled-up.

In their excellent exploration of Chinese capitalism, Ronald Coase and Ning Wang have this to say[8],

> *"When a novel practice was first experimented with, particularly in a regulation-free environment, it was bound to go awry, giving its political opponents sufficient justification to close it down. To allow this strategy to work, the government had to be tolerant, open-minded, and learn to act quickly – either setting up a regulatory framework to allow the practice to develop or shutting it down when the experiment turned sour. The policymakers would be guilty of halting promising practices too soon, as well as neglecting to end bad practices… For those who wanted to push reform forward by introducing new and viable practices, the most effective method was to experiment as much as possible to find something workable within a limited time window, while recognizing the risks that more mistakes were bound to occur when more experiments were run… this was logic behind Deng's aphorism, "Don't argue; try bold experiments and blaze new trails"."*

If there is one major policy takeaway from China for a country like India, it is perhaps this strategy of "crossing the river by feeling the stones" and that too in a low-profile manner, one which encourages policy experimentation in a low stakes environment.

3.2.16   Avoid the predecessor-successor syndrome

> *"The e-governance program to redress grievances started by Mr ABC in X district began to flounder immediately after his transfer due to lack of adequate attention by his successor."*

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[8] Ronald Coase and Ning Wang, How China Became Capitalist?, Palgrave MacMillan 2012

Max Weber's classic formulation of a bureaucracy presented it as a system of impersonal management. Accordingly, a bureaucracy is an institutionalized system of administration, indifferent to those administering it.

However, the conventional wisdom has it that far from being impersonal, India's bureaucratic system is deeply personalized. It is widely accepted that a large share of the blame for failure of initiatives can be laid on the absence of their institutionalisation – successors end up neglecting, even sabotaging, their predecessors' initiatives. The program falls through the cracks in the transition.

This trend is not the exclusive preserve of public bureaucracies. All leaders try to impose their agenda on the organization. It is just that the incentives to junk an ongoing initiative and embrace a new one more skewed in government.

In this context, institutionalisation of initiatives assumes great significance. As a first-order starting point, civil servants would do well to make the distinction between the personal and the professional while initiating new projects or adopting innovative approaches to implement programs. While personal initiative doubtless may have helped a new idea or project take-off, we need to bear in mind that it has to be anchored around the traditional norms of bureaucracy. The program has to bear the imprimatur of impersonality and be governed by the rules of the bureaucratic game.

An important pathway to institutionalisation is to have the state government department or Central ministry (as the case may be) as a partner in the initiative. A state level steering committee can create the right level of stakeholder support and institutionalisation required to sustain the initiative beyond the tenure of officials.

3.2.17   Personal effort is not systemic improvement

> *"In my two years as District Collector, I have constructed more than a fifty public toilets across all municipalities in the district through PPPs. I have also documented it here. All that needs to be done is to scale it up throughout the country by issuing guidelines based on this document."*

It is widely acknowledged that people are bad judges of their own causes. Administrative leaders are no exception to this. They are, therefore, not very good at objective analysis of the reasons for the success of their initiatives. In particular, they fail to make the distinction between the contributions of brute

force personal effort (which is not replicable and therefore unsustainable) and institutionalized systemic improvements.

Most often, the success of the initiative is a result of disproportionate personal attention of the District Collector and the impact it brings to bear on the initiative. Unfortunately, not only are most initiatives a result of personal effort, but it often comes at the cost of institutionalization. The impatient officer micro-manages the program and fails to nurture personnel capacity (except among a handful of his coterie, who are most likely to drop away when a successor arrives), thereby crowding out the development of institutional capacity. Such success is most likely to be transient, and not survive the officer's transfer.

Therefore, any serious effort at sustainable reform should seek to cultivate organizational champions and institutionalise change. The touchstone for sustainable design is the question – what elements should be in place such that the policy or program does not require any particular officer's presence? And then work to incorporate those elements into the policy design and implementation.

This assumes far greater relevance in case of policy formulation than with program execution. In case of the latter, it is often possible to substitute systemic improvements with raw personal effort to get stuff done. But with policy formulation, it is critical to have institutionalized processes and incentives alignment to ensure that the policy implementation is effective.

3.2.18 "Do no harm" principle

"I saw my most important role as the Chairman as Council of Economic Advisors not so much in making reform suggestions, as in killing off bad ideas."

– Greg Mankiw, Chairman of Council of Economic Advisers for U.S. President George HW Bush.

In the venture capital (VC) industry, it is said that the mark of a successful VC fund manager is perhaps more about quickly identifying losing bets than picking winners. Just as losing bets bleed money, bad policies, especially given

their vast jurisdiction of implementation, can do enormous damage and therefore, if not avoided, need to be just quickly nipped off.

On many occasions, given the context, reforms may not be advisable. In such contexts, the policy makers' in their anxiety to reform – seen to be "doing something" – end up promoting solutions whose long-term effects are questionable. It is important to bear in mind that if you cannot improve or reform the situation, at the least one should abjure from worsening the situation.

Bad policies can have profound and long-lasting implications. When policies like free-power were first introduced, little would we have known how endemic and systemically distortionary they would end up becoming. Not only do they cause wasteful public spending, they also are a form of assault on incentives, distorting the incentives of a generation of citizens.

Therefore, a simple orders-of-magnitude based economic cost-benefit analysis can be a valuable decision criterion before starting any new intervention or new regulation. A bureaucrat who does the job of highlighting this and contributing to burying a bad proposal would have done just as much as one who contributes to a good initiative.

3.2.19   Just improve governance

"Most often, all we need is to do the simple things and not search for innovations and new initiatives. Administer the ongoing programs well using the existing bureaucracy and things will be largely alright."

It has become a cliché, a cop out, to look for innovations as a panacea for any public policy problem. Process re-engineering, outsourcing, privatisation and so on have emerged as apparently magic pills to address persistent development failures. The simple assumption is that the problem has remained intractable for lack of innovative strategies and with innovations it will be automatically resolved. Unfortunately, in the vast majority of public policy situations, there are no such magic pill innovations. And the real reason for failure is often bad governance surrounding its implementation.

In general, public systems in developing countries like India are entrapped in a low-level equilibrium, exacerbated by state capacity weaknesses. The immediate objective should be to move such systems from a bad or

unsatisfactory state to a satisfactory or good one. Most often, such transitions can be achieved with simple improvements in governance. However, transforming a good system to a great one, goes beyond good governance and would demand innovations. But that is an agenda for a later day.

In moving public systems to deliver to reasonable standards, plain simple good governance, difficult though it would be, is more than adequate and cannot be substituted with innovation. But the pursuit of innovation crowds out good governance by diverting the limited systemic resources and personal bandwidths of public leaders. Instead of searching for innovations everywhere, Collectors who set their priorities, empower their teams, put in place simple but robust feedback and monitoring mechanisms, conduct random field inspections, provide guidance, work hard, and innovate tactically are most likely to succeed. Such good governance is often the best 'innovation'.

The most effective development intervention in the world is perhaps plain simple persistent monitoring and appropriate follow-up action. If consciously done as a priority, this more than any innovation, is likely to significantly increase policy and program effectiveness. This is simple good governance.

3.2.20   Development is very hard, a little humility would do no harm!

"There is no one right answer to address the problem of deficient learning outcomes or malnutrition or traffic congestion or poor sanitation in developing countries. There are no magic pill solutions to these problems. In each case, context matters. And solutions have to evolve gradually. We need to be humble enough to accept this reality."

Consider this. The problems of getting people to abjure open defecation or to save money or getting school systems to improve learning outcomes have been a constant concern across time, places, and policy makers. In other words, numerous policy makers, including some obviously smarter than you, have in thousands of administrative units across the world, and over many decades been grappling with these problems. These are an enormous number of data points. It still elides a neat and replicable solution. So, maybe, there are no such universal and easily adoptable solutions. We need to accept this and move forward.

It is commonplace for generalist administrators who have joined a new posting to be deceived by the illusion of low hanging fruit from logically consistent and attractive solutions that are presented to them. And there is likely to be no dearth of such simple solutions and people peddling them.

It is also commonplace for them to embrace some of these solutions and make grand announcements committing to solve complex problems whose resolution have elided their predecessors for decades. This would also be despite the failure of similar attempts by some other predecessor.

Almost always such intent comes wrapped in the form of a more vigorous profession of commitment and a new program, the primary differentiator most often being the scale of the ambition in terms of targets and time within which it is sought to be achieved. This alone, it is assumed, would ensure success of the endeavour.

We are not sure. Instead, we suggest a two-part smell test to assess whether "this time is any different".

1. *What is being done now that was not part of earlier efforts and how will it increase the likelihood that this time is different*? (The perennial suggestion to create more 'Vigilance Officers' in organisations that do not have them to reduce corruption is an example—the existence of Vigilance Officers and Chief Vigilance Officers has arguably not made any difference to the organisations that have them!)

2. *What has been done to improve state capability in the execution of the program?* (The creation of a 'new policy' is very popular with civil servants— but was it the earlier policy that was poor or was it the implementation? If the latter, what steps are you taking to make sure the new policy is implemented?)

Very often, the suggested solution will not pass the smell test. Development is really hard!

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