

# T02W13 / Policy Capacity: Determinants and Effects

**Topic :** T02 / Comparative Public Policy

**Chair :** M Ramesh (LKY School of Public Policy, National University of Singapore)

**Second Chair :** Natalia Koga (National School of Public Administration (ENAP))

**Third Chair :** Kidjie Saguin (University of Melbourne)

## CALL FOR PAPERS

Theoretical and empirical papers are invited on all aspects of policy capacity, especially those dealing with the following issues:

- The concept of policy capacity
- The determinants of policy capacity
- The effects of policy capacity

## ABSTRACT

The workshop centers on conceptualization of policy capacity as a function of analytical, operational and political capabilities at the individual, organizational and systemic levels (Wu, Howlett, Ramesh 2017).

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## Session 1 Policy Capacity: Theories and Concepts

Tuesday, June 26th 10:15 to 12:15 (Barco Law - G47 (Groundfloor))

### Discussants

Nihit Goyal (Yale-NUS College)

### Mapping the scientific research on policy capacity

Kidjie Saguin (University of Melbourne)

Nihit Goyal (Yale-NUS College)

Si Ying Tan (National University of Singapore)

It is a shared understanding among policy scholars and practitioners that governments with high levels of policy capacity are better able to design and implement public policies for driving economic growth and social development. Despite the centrality of policy capacity, a common definition and measurement of policy capacity remain elusive. There exists a long list of concepts that seek to encapsulate the ability of the governance system to deliver desired policy outcomes – such as state capacity, administrative capacity, governance capacity, bureaucratic capacity – that stimulates greater academic enthusiasm but more often contributes to intellectual divergence on the subject.

This proposed paper seeks to undertake a conceptual analysis of policy capacity through a systematic review of relevant literature from political science, public administration and policy studies. It will undertake a critical review of policy capacity by identifying the patterns that underlie the divergence in the conceptual and operational understanding of policy capacity. The intention is to identify the theoretical foundations of these different concepts of policy capacity to implications for its definition and measurement applicable to contemporary governments. It hopes to map out the intellectual linkages between academic literature that engage in the policy capacity discourse by identifying their disciplinary origins, geographic focus and timing of publication to establish a delineation of the different concepts. It hopes to contribute to the broader theories of public policy and the growing literature on policy capacity.

### Policy Capacity: Introducing a Comprehensive Index

Iftikhar Lodhi (Nazarbayev University)

Policy capacity is a prerequisite for any government to succeed in providing public services. However, scholars disagree on how to define and measure policy capacity. Some scholars equate policy capacity with state autonomy (Cerny 1996) and argue that globalization has eroded states' policy capacity. Painter and Pierre (2005, 3) distinguish policy capacity from administrative and state capacity and define it as "the ability to marshal the necessary resources to make intelligent collective choices about, and set strategic directions for, the allocation of scarce resources to public ends". However, this definition remains vague as to what are "intelligent choices" and "public ends". Furthermore, the authors convolute policy capacity with state and administrative capacity. Noting this, other scholars define policy capacity as "the set of skills and resources—or competences and capabilities—necessary to perform policy functions (Wu, Ramesh, and Howlett 2015). However, the problem with this definition is that it excludes achievement of goals as an explicit criterion to define policy capacity. In absence of such a criterion, policy outcomes can't be taken as proxy to measure policy capacity. Nevertheless, the strength of Wu, Ramesh, and Howlett definition is that it can objectively measure policy capacity on three levels, individual, organizational, and systemic; each level encompassing three competencies, analytical, managerial, and political. However, the authors do not

specify which specific skill sets and resources shall be measured and what theoretical linkages those skill sets and resources might have with policy success.

In absence of a consensus definition of policy capacity and objective indicators to measure it, most scholars resort to subjective perceptions of policy capacity that is often termed as government effectiveness or quality of government or bureaucratic quality. All these measures are strongly correlated with corruption and rule of law indicators or simply put gdp per capita, which leaves little room for researchers to use the concept in any meaningful quantitative research.

This paper introduces a comprehensive conceptualization and operationalization of policy capacity, distinct from available governance indicators and theoretically more robust based on factor analysis and a combination of various indicators from various sources. The paper demonstrates the usefulness of the index in various contexts.

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## Session 2 Capacity: Theories and Concepts

Tuesday, June 26th 13:45 to 17:00 (Barco Law - G47 (Groundfloor))

### **The Concept of State Capacity and its operationalization for Empirical Research**

Alexandre Gomide (National School of Public Administration (ENAP))

Ana Pereira (Universidade de Brasília)

Raphael Machado (Instituto de Pesquisa Economica Aplicada)

The paper aims to contribute to the discussion about the concept of State Policy Capacity by shedding light on its potential to explain causal relations in empirical research.

State capacity has emerged in the public policy studies as an analytical tool to investigate state effectiveness and policies outcomes, allowing researchers to depict how actors, institutions and processes are mobilized and combined in public action. The literature on state capacity dates to the “statist movement”, when the idea was related to the existence of a Weberian bureaucracy and an autonomous State in the promotion of economic development. Since then, the concept has evolved to explain multiple outcomes, and to encompass new attributes, analytical levels, and methodological approaches.

However, the use of the concept in empirical research has been accused to be tautological, offering circular reasoning, since it is common to confuse causes with its outcomes.

In this paper we aim to contribute to this discussion by answering two questions: 1) what is the relevance of state policy capacity as a causal concept? 2) Can the concept be operationalized and measured in a way that avoid tautologies?

In this sense, we review the recent literature in Political Science and Public Policy about the concept, arguing that it is in flux and that it has evolved to encompass multiple levels of abstraction and varieties of measures. Consequently, its ability to explain causal relations has developed from a macro perspective - focused on state building, economic development and structural changes - to a meso level approach – as the concept has been utilized to explain outcomes of public policies.

In order to contribute to the second question, based on Gary Goertz we propose a conceptual desegregation of the concept in three levels: ontological, constitutive and indicative. After that, we deepen the discussion about state capacity measurements, since the concept is a latent construct that can only be observed indirectly.

Finally, we apply this discussion in the current literature about state capacity in Brazil, reviewing empirical studies on a variety of topics, as social programs; governmental corruption; and the performance of developmentalist policies. In this sense, we analyze how the concept has been operationalized and measured in these researches.

### **Policy capacity and legal capacity: missing links at the individual, organizational and systemic level?**

Marleen Brans (KU Leuven)

Frankie Schram (KU Leuven)

Stijn Smismans (Cardiff University)

**Policy capacity and legal capacity: missing links at the individual, organizational and systemic**

## level?

The policy capacity matrix model of Wu, Ramesh and Howlett (2018) is an enlightening scheme for disentangling various dimensions of policy capacity. For the authors, policy capacity is in essence a function of three competences or skills that constitute the ability of governments to make, implement and evaluate policies, as well as to learn and adapt. The three competences rely on the mobilization of resources at the individual, organizational, and system level. The authors distinguish between analytical, operational (or managerial), and political skills and competences. Analytical skills are deployed for problem diagnostics, solution finding, and policy evaluation. Operational skills mobilize material and organizational resources to implement policies in practice. Political skills enable policy actors to mobilize resources for garnering and maintaining support for policies and their implementation (Wu et al. 2018: 5). To these three set of competences, this paper adds legal skills and competencies as a fourth category to redress the relative neglect of lawmaking skills, legal council and advice, legal procedures and adjudication in policy capacity studies. The starting point of the paper is that legal skills and competencies are crucial for policy capacity in that they are necessary to transpose policies in law and regulations, ensure due process, enforce compliance and control, and protect citizens from policies' harm.

The paper hence addresses the first research question of the IPPA Workshop on Policy capacity: "how is this current definition of policy capacity conceptually similar to other notions of capacity?" The paper argues that legal capacity is to a large extent ignored in policy capacity studies. The few of the subdimensions of legal capacity that are addressed are uneasily boxed in under operational systemic capacity (see also Hartley and Zhang 2018: 72).

To conceptually integrate legal capacity with policy capacity the paper starts from the option to add legal skills and capabilities as a fourth column to the matrix model. At the individual level of capabilities, lawyers in government are, in comparison to civil servants and politicians, much neglected in policy capacity studies, particularly when it comes to their contributions to policy-design. Available research, however, shows how important legal expertise and skills are in bill writing and the transposition of policy intentions in regulations (Page, 2011, 2012). At the level of organizational capabilities of government, research on the role of legal counsel functions, regulatory quality control, and legal support units in government is emergent in public administration and public policy scholarship (Mastenbroek 2017), but not explicitly addressed in the policy capacity matrix. Neither can the rule of law, relationships with administrative courts, as well as cultures of compliance be given adequate attention in the present matrix. This paper will conceptually disentangle legal resources and capabilities, make them observable and discuss when and how legal capabilities are related to analytical, managerial and political capacity, as well as to overall policy capacity. Interdisciplinary in its authorship and sources, and drawing upon empirical illustrations from national and EU policy-making (LASI), the paper attempts to speak to the scholarly communities of policy studies, public administration and law.

## Authors:

Marleen Brans, Professor at the KU Leuven Public Governance Institute

Frankie Schram, Senior Lecturer at the KU Leuven Public Governance Institute, Secretary of the Committee for access to and reuse of administrative documents; Secretary of the Federal Appeal Committee for the Access to Environmental Information

Stijn Smismans, Professor of European Law and Governance, Director of the Centre for European Law and Governance at Cardiff University. Principal Investigator ERC LASI.

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## **Construction of policy capacity in economic and social areas in Brazil (1988/2016)**

Maria Rita Loureiro (EAESP/FGV)

Fernanda Lima-Silva (Universidade de São Paulo)

Aranha Adriana (EAESP/FGV)

Felipe Calabrez (EAESP/FGV)

Despite extensive literature on state capacity to design and implement public policies, the use of this concept continues undertheorized, making problematic its conceptualization and operationalization (CINGOLANI, 2013, KOCHER, 2010, ENRIQUEZ, CENTENO, 2012, LINDVALL, TEORELL, 2016; GOMIDE, PEREIRA, MACHADO, 2017).

Recent works have advanced its conceptualization, defining capacity as a set of analytical, operational and political resources and competences necessary for developing policy functions (WU, et al. 2017; 2015). The usefulness of this nested-model of capacity is clear, but further research is still necessary, linking the technical and political abilities needed for policy making to broader political interests and context.

Recent studies contribute to understanding the external determinants of policy capacity. Henriquez and Centeno (2012) argue that variations in capacity between different countries or regions can be explained by ideological priorities of different social groups. Lindvall and Teorell (2016) propose to elaborate a general theory of state capacity, emphasizing how state authorities decide to allocate resources and use policy instruments to effectively exercise power. For them, capacity is a causal relationship between policy instruments and desired outcomes, in which resources can enhance the strength of this relationship. According to this perspective, although state capacity cannot be observed or measured, the use of resources expresses priorities established by each government.

In the present work, we adopt the conceptualizations of capacity as a form of power (LINDVALL, TEORELL, 2016) linked to ideological priorities (ENRIQUEZ, CENTENO, 2012), based on the understanding that any analysis of state capacity, particularly in democratic societies, can not be separated from broader considerations on the political and economic context in which public policies are inserted.

Therefore, policy capacity results from technical and political abilities, as well as from the dispute between political groups that compete for power and political influence. This perspective offers the possibility of looking at how the correlation of political forces at a given historical moment is reflected inside the state.

Through this theoretical lens, we analyze the recent capacity-building process of the Brazilian State: how different economic contexts and governmental political-ideological orientations have influenced policy capacity? Our hypothesis is that changes in the orientations of governments influenced the mobilization of institutional resources, and, consequently, the capacity in different policy areas.

Empirically, we will analyze cases that express priorities in the agenda of different governments. In FHC's government, the focus is on the economic function of the state as guarantor of credibility for investors, having as case study the STN, a secretariat created within the Ministry of Finance. In Lula and Dilma's governments, the center of attention is the social area: the National Secretary of Citizenship Income, within the Ministry of Social Development, and the National Secretariat of Housing, within the Ministry of Cities, both created at the beginning of Lula's government.

Methodologically, the work uses an approach based on the logic of instrumental and collective case studies, as proposed by Stake (1998). These are chosen because they allow us to explore a research question that extrapolates the cases, contributing to understanding other similar cases.

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## Session 3 Analytical Capacity

Wednesday, June 27th 09:00 to 12:15 (Barco Law - G47 (Groundfloor))

### **Assessing the analytical capacity of government for science of science, technology and innovation policy: The case of NISTEP Japan**

Wahid Bux Mangrio (Mehran University of Engineering & Technology)

Policymakers, practitioners, and scholars from advanced countries stressed the need to develop data, metrics, tools, and methods of the science of science policy for understanding science and technology system and to make objective based policy. In response to this debate, during last decade, the government launched the science of science, technology, and innovation policy (*SoSTIP*) programs for development of new data, tools, metrics, and methodologies to measure the science and measure the impact of investment on science and society. The United States was the first country started this program in 2008 by launching roadmap – *The Science of Science Policy: The Federal Research Roadmap*. In 2011, the Japanese government also launched similar program titled '*Science for RE-designing Science, Technology and Innovation Policy (SciREX)*.' These programs stressed the need to develop the adequate analytical capacity for making science, technology and innovation policy based on objective evidence. The main research question of this paper is how does analytical capacity organization effect for the development of 'data infrastructure' for *SoSTIP*? The purpose of this empirical study is to assess the analytical capacity of government in science, technology, and innovation policy in Japan. In particular, to measures the analytical capacity of policy research organization in constructing and using new and existing data sets, databases, methods, tools and integrating heterogeneous internal and external data sources for the development and utilization of 'data infrastructure' for policy research and analysis for science, technology, and innovation policy. National Institute of Science and Technology Policy (*NISTEP*) is responsible for the development of 'Data Infrastructure' for the science of science, technology, and innovation policy under *SciREX* program in Japan. The analytical capacity of policy research institute (*PRI*) will be analyzed at the individual level (the researchers involved in policy research or evidence production) and organizational level (the organization that produces policy-relevant research, analysis, and data for informing policymakers). This paper will apply analytical '*Research-Integration-Utilization (RIU)*' framework developed by Böcher and Krott (2010) to understand the development of data infrastructure for the science of science, technology, and innovation policy. The case study as research method will be used to determine the analytical capacity of the organization in developing data infrastructure for the science of science, technology and innovation policy in Japan. The study will identify the current state of data infrastructure for science policy research. Policy implications will be drawn for analytical capacity required for the development of robust data infrastructure for the promotion of the science of science policy.

### **Policy work and policy capacity in the Brazilian Federal Government**

Natalia Koga (National School of Public Administration (ENAP))

Rafael Viana (National School of Public Administration - ENAP )

A meaningful debate towards the issues of policy capacity and policy work has been produced, more recently, in the international literature on public policy (Mayer et al., 2004; Painter and Pierre, 2005; Colebatch et al., 2014; Howlett and Ramesh, 2015; Wu et al., 2015). In Brazil, public policy studies came to be recognized as a proper field of knowledge only in the last decades (Marques and Faria, 2013; Vaitsman et al., 2014). That does not mean that Brazilian academics and practitioners from different analytical backgrounds are not dedicated to understanding the issue of the "State in action" translated in policy production (Abrucio and Loureiro, 1998; Pires, 2009; Cavalcante e Lotta, 2015). However, analytical keys such as policy analysis, policy capacity or policy work that can bring cohesion to this debate are still

underexplored in the national production. This paper aims to apply these concepts in an attempt to shorten that analytical distances to understand roles, processes, resources and conditions for public policy implementation in Brazil. Based on the analysis of the results of a survey responded by 2,000 federal civil servants in Brazil, this investigation looks for shedding light on the types of policy works that has been performed by the Brazilian federal bureaucracy and on the accumulation of four different dimensions of policy capacity: analytical, managerial, coordinative and political. By means of that initial descriptive analysis, this work also intends to explore the hypothesis that policy context matters. In other words, comparisons between the identified policy works and levels of capacities' distribution will be made across different sectors of public policy in the federal level. Finally, this work intends to contribute to the understanding of how and by whom public policy is implemented in Brazil.

## **Modes of Education Governance: Capacity and Performance**

Kidjie Saguin (University of Melbourne)

Many education systems all over the world have continuously introduced reforms to respond to new global and local challenges in better providing education services. A crucial aspect of these reforms is the choice of the governance arrangement – legal, network, market or corporatist, which is thought to demand varying levels of capacity from the government (Howlett and Ramesh 2015). Comparative analysis of these different modes of governance have looked at how various educational systems in different countries perform (Windzio, Sackmann and Martens 2005) failing to control for context and country-specific nuances, the effects of which on policy systems are more pronounced in basic education. To address this gap, I exploit the variations in the mode of governance of key education programs in the Philippines as a means to verify the theoretical assertions about the governance capacity-performance link made by Howlett and Ramesh (2015). In this proposed paper, I compare three core programs of the Philippines' Department of Education – kindergarten (legal), education service contracting (market) and private sector regulation (corporatist). I assess the relative performance of each of these programs based on their key performance indicators published under the Results-Based Performance Management System. Critical capacities and capacity deficits based on the framework of policy capacity by Wu, et al. (2015) will be identified as most influential in shaping their performance.

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## Session 4 Operational and Political Capacity

Wednesday, June 27th 13:45 to 17:00 (Barco Law - G47 (Groundfloor))

### Conceptualizing a Relatively Autonomous Local Policy Capacity

Joshua B. Forrest (La Roche University)

The inter-sectoral connectivity, extensive networking and globalization-oriented pressures that characterize key aspects of the contemporary policy process appear to obviate the very notion of a relatively autonomous local policy capacity. Nonetheless, globally, many cities, towns, districts and villages do in fact strive to assert, to the fullest extent possible, territorial control over policy-making, and aim to develop or strengthen their respective policy capacities in an effort to achieve such control. In this context, it is helpful to explore the *conceptual* components and the *determinants* of what would comprise a relatively autonomous policy capacity. Doing so can potentially facilitate an analytical fine-tuning of the study of policy capacity in general while also advancing a more focused appreciation of locally specific policy capacity-building in particular.

It can be tentatively posited that a relatively autonomous local-level policy capacity enables a local government (or local governing body) to formulate and implement policies without undue interference from higher levels of government or from external corporate or special interest interlopers. 'Undue interference' would here refer to interference that mandates the locality to alter its intended policy direction. A key goal of this paper is to more fully develop, refine and render more analytically precise -- but also more generally applicable -- such a preliminary conceptualization.

To do so, it will be helpful to identify the key determinants of a relatively autonomous policy capacity. We may hypothesize that these would include (among others):

- The development of internally robust organizations with the functional ability to coordinate and implement service delivery agencies. Organizational functions ought (ideally) to be commensurate with the policy objectives of the locality, with the scale of the policies to be undertaken, and with the complexity of the locality's policy units.
- While national and provincial government ministries may provide technical assistance in adding value and quality to the specialized capacities of local government agencies, relative autonomy can only be achieved insofar as such assistance is primarily used as a vehicle to strengthen localities' internal operations. Implementing agencies should not become permanently reliant on such higher level governmental assistance.
- An adequate and reliable own funding revenue source. This represents what has been termed a local government's "income autonomy," and refers primarily to control over local taxation (typically the primary source of own revenues) although other revenue sources can contribute to budgetary stability and predictability.
- Self determination in budgetary direction. This is also known as "expenditure capacity," meaning that a local government is able to determine the spending direction of its budget and is not overly handicapped by mandates from higher-level governments.
- Gate-keeping and external bargaining functions: This refers to the ability not only to fend off hostile attempts by external institutions or powers, but also to interact with relevant external organizations (governmental agencies, political parties, businesses) in a way that proves helpful to achieving a locality's policy objectives. Gate-keeping and external bargaining functions are more likely to be operationalized if localities are able to consistently create working ties with local institutional and political resources (non-profits, civil society organizations, citizen activists) that can be mobilized in support of shared locality goals.
- The development of local government organizations that engage effectively in dispute resolution

can add significant capacity to service agencies, especially when community resistance arises as a given policy is being carried out.

Attention will be accorded to conceptualizing how each of the above determinants can be more robustly and intricately analyzed, with sufficient depth so as to be relevant to a broad spectrum of localities. Doing so ought to enable us to make progress toward a general conceptualization of a relatively autonomous local policy capacity. At the same time, it will be important to make clear why these determinants (and potentially others) are specific to the development of a local policy capacity -- i.e., one that pertains to local governments in particular.

## **Policy Capacity for Regulatory Enforcement**

Wai Hang Yee (University of Hong Kong)

What policy capacities are required for regulatory enforcement? Implementation research have been focusing on the achievement of policy goals. The study contends that a focus on enforcement may be useful for implementation researchers, given potential normative expectations from the policy targets and the general public on the appropriate choice of enforcement approach and the way they shall be involved in the implementation process. Incorporating necessary policy capacities for enforcement helps fulfill these expectations and provide useful leverage points for attaining satisfactory enforcement outcomes. Informed by the organization and management literature, the study elaborates the capacity prerequisites at the individual and organization levels for widely-adopted enforcement strategies including the formal-legal approach, responsive approach, information approach, and enforcement with non-state actors. These arguments are illustrated with a discussion on the pivotal role of policy capacities in the recent food regulatory reform in Beijing, China.

## **Capacity for Governance of Health Care**

Azad Singh Bali (University of Melbourne)

M Ramesh (LKY School of Public Policy, National University of Singapore)

The vital importance of policy design broadly acknowledged, Yet little is known about the capacity endowments required for effective policy design. This paper focuses on the policy capacities—understood as a set of policy skills and competencies—that are required to create more informed, robust and ultimately more effective policies. The paper is organised in four sections. The first provides a broad review of the capacity literature. The second section responds to the ‘capacity for what’ question and argues that designs must accommodate certain attributes for them to be successful, which in turn require high capabilities across different dimensions. The third section presents comparative case studies of provider payment reforms in Thailand and Vietnam, and develops the argument of ‘critical capacity’ in shaping policy outcomes. The key contribution of this paper is to conceptually mapping out the relationship between policy capacity, critical capacity, design attributes, and policy outcomes.