

Making reform happen: an entrepreneurial approach

The need for institutional and policy reforms in developing countries is increasing all the time. Many more countries are experiencing sustained economic growth than 20 years ago, but too much current growth is ‘jobless’, with weak impacts on poverty. Only a few countries are taking faster growth as the basis for real economic transformation. In most cases, the fault lies with badly functioning policies and institutions. This note is about a way of addressing this institutional reform deficit, an operational model that has been called ‘development entrepreneurship’.

A way of doing development differently

Development entrepreneurship (DE) has much in common with other approaches to development action that aim to be both [politically smart and locally led](#). It is one result among others of a search for ways of [doing development differently](#), a common theme of which is the need for a greater element of experimentation and learning-by-doing in addressing development challenges. As a whole, this growing movement is a response to some big deficiencies in standard ways of supporting development progress, including:

- promotion of institutional ‘best practices’ without regard to context;
- pursuit of change by means that maximise formal or informal resistance; and
- a blueprint planning approach that leaves little room for uncertainty.

The particular attraction of developmental entrepreneurship is that it captures a way of getting the reforms a middle-income country needs even in the context of a typically patronage-based political system. The main evidence so far comes from [a decade of successful reform in the Philippines](#). This note draws mainly on [two relatively recent experiences](#), concerning respectively a change in the law on residential land titling, and the raising of new revenue for public health spending from higher taxes on tobacco and alcohol. Both initiatives achieved substantial, measurable development impacts.

Without going into detail, it is worth singling out four elements of the method leading to these results:

- A set of criteria for selecting reform objectives;
- Reform practices based on entrepreneurial logic;
- The centrality of self-motivated, multi-skilled reform teams; and
- Skilled coaching and support, funded flexibly by a donor.

Choosing objectives

In the DE approach, reform objectives are selected with a view to both technical soundness and potential political feasibility, where technical soundness is taken to be about impact, scale and sustainability. In the Philippines, residential property rights were considered very important for economic, social and political reasons, but they were judged less likely to incur massive political opposition than a fresh initiative on agrarian land rights. In the other reform, the tobacco lobby was an exceptionally powerful force against new taxation, but there were many potential allies for a movement that combined both revenue and public health concerns.

Entrepreneurial logic

After the objective has been defined, the way of reaching it is discovered in the way entrepreneurs arrive at successful business models. This involves making a series of ‘small bets’, rather than risking all of the investment on one large, preconceived idea. It requires frequent adjustments in the light of initial results, including willingness to stop pursuing a particular line of work altogether. This is equivalent to the ‘iterative adaptation’ that is a core feature of the [Problem Driven Iterative Adaptation](#) (PDIA) advocated by Matt Andrews and colleagues at the Harvard Kennedy School.

In the Philippines, significant reforms happened despite the fact that the reform teams did not have a clear idea at the beginning of how they might be achieved. This was a voyage of discovery in which a great deal had to be learned, especially about how to build and maintain an alliance of diverse forces in support of the objective, and how to side-step, weaken or buy-off elements of the opposition. Some of the reform teams were completely reconfigured in the process. In contrast, some very large conventional reform programmes working on the same issues at the same time achieved very little, because they lacked flexibility and the ability to adapt.

Reform teams

Development entrepreneurship relies on the efforts of groups of individuals who are not only nationals of the country, but form effective working teams. They typically include current and former government officials working in harness with non-government activists. The teams bring together people with relevant technical knowledge and others with strong networking or communication skills. In order to do this kind of work, the teams have to be largely self-motivated. They are people whose ambitions for their country exceed their

personal career concerns, and whose energy and persistence derive from this ambition and not from the modest funding their organisations may attract.

In the Philippines, broad public coalitions were eventually created around the reform objective, but the process was different from the typical civil society campaign for better or more accountable governance. The reform teams had both the freedom and the capabilities to be politically smart, to cultivate support and deflect opposition behind the scenes, winning the tacit agreement of key players, such as influential members of Congress, who might not be willing to take a position publicly.

Support and funding

Two key features have been present in the Philippines which need to be replicated if the model is to succeed elsewhere. One is the provision of skilful mentoring, ‘coaching’ or peer support by a third-party organisation, in this case The Asia Foundation – a large international NGO with long-established offices in many countries. The other is the willingness of a funding organisation, in this case USAID and the former AusAID, to support the activity with at least modest funding provided on sufficiently flexible terms.

For the model to work, the funder must give the intermediary organisation the freedom to search out and provide critical support to teams of reform entrepreneurs. This may mean aid officials being active *intrapreneurs* – advocating and defending the use of flexible funding and reporting modalities within their bureaucracies. The intermediary must in turn make available its best human resources.

Some will say that the Philippines experiences which are at present the best examples of development entrepreneurship are exceptional in one sense or another. For sure, they have involved individuals of remarkable talent, drive and vision at all of the relevant levels. But the world of institutional reform for development is not short of able and motivated people. The problems lie most often in systems and the incentives they convey. What is missing, too often, is a way of doing development that is able to harness existing energies and awaken the dormant potential for action that is locally led, politically smart and entrepreneurial.

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