Institutions are often invoked to explain poor performance. ‘Land tenure’ is blamed for low agricultural investment, or ‘bureaucracy’ for poor delivery of services. Institutional reform or strengthening is regularly proposed as a remedy. More generally, the World Bank, which dominates thinking about development, tells us that ‘institutions matter’. Good governance projects often involve the emulation of institutions devised in other countries, and there are concerns about whether they will fit into their new context.

This paper reports on the results of some research on institutional transfer in the South Pacific (Larmour, in press) and draws implications for aid donors. The research compared attempts to transfer a system of registering titles to land (Larmour 2002a); Westminster-style constitutions (Larmour 2002b); representative democracy; public sector reform; and corruption prevention. It used a framework devised by English political scientists Dolowitz and Marsh to guide the study of what they called ‘policy transfer’.

The process by which knowledge about policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political system (Dolowitz and Marsh 2000:5).

Dolowitz and Marsh asked a series of simple questions such as who was involved in the transfer, how did it take place, and where was it from. They were particularly concerned about whether it was voluntary or coerced.

The process of policy transfer is not new to the South Pacific. Sione Latukefu (1975) describes how, in the mid nineteenth century, the Sydney Morning Herald anticipated current concerns with ‘good governance’ by criticising the regime in Tonga as ‘totally inefficient’. The King of Tonga went on a study tour of New South Wales in 1853. He was shocked by the signs of poverty he saw but impressed by the leasehold system of land tenure, which he introduced to Tonga. He went on to adopt a constitution modelled on Hawaii’s, which in turn borrowed elements from Britain. At that time missionaries advised the King; now, consultants and non-government organisations have assumed a similar role in promoting ‘international best practice’.
The phrase ‘institutional transfer’ was used by David Apter in his study of politics in what was then called the Gold Coast, now Ghana, in the 1950s (Apter 1963). He asked if the institutions of parliamentary democracy modeled on Britain were suitable for African circumstances. Similar questions were asked before independence in Solomon Islands, where a government report wondered if ‘political progress, following the Westminster model, is suitable or desirable’ (British Solomon Island Protectorate 1968, quoted in Saemala 1983:3).

The argument against transfer was made most influentially by the German legal theorist, Von Savigny, as part of a more general Romantic reaction against the universal claims of the Enlightenment. He saw the law, like language, embedded in a distinctive Volksgeist or ‘spirit of the people’, and therefore hard to transfer. Now it is a cliché of development administration that reforms must be country specific and take into account the local context and culture. Yet countries are not different in every respect. They often copy from each other and look for examples of ‘best practice’ abroad. Nineteenth century Japan modelled its police force on France and its postal system on Britain (Westney 1987:13). In turn, the Japanese system of koban—police boxes in urban areas—has been copied by American cities. Ombudsmen have proliferated from their origins in Scandinavia, and Independent Commissions against Corruption from Hong Kong. Privatisation was promoted by the British accounting, advertising and stockbroking firms that had done well out of its application to Britain in the 1980s. In the 1990s other countries looked to New Zealand for examples of ‘New Public Management’, based on market principles.

To talk about ‘transferring’ institutions may be to beg the question. Often the institution is the intended result of the transfer of something more aspirational, like an idea, policy or law. In that case, the typical problem is of nominal or incomplete transfer. Or the transfer is of something material (like a grant) or human (like a consultant). In that case, the typical problem is of sustainability, once the grant or consultant is withdrawn. Here the focus is on the process of transfer rather than the results. First we look at what some ideas about institutions can tell us about the process. Then we look at the South Pacific cases. Finally, we draw some implications for aid donors, using the current public service language of ‘risk management’.

Institutional theory

A common metaphor is that institutions are the ‘rules of the game’, in which players compete for advantage (for example, North 1990). Theories differ about what is regarded as fixed and given in this relationship and what needs explaining (see Goodin 1996). Actors, goals and preferences can be treated as given (‘exogenous’ in economists’ language). Or they can be treated as in need of explanation. Actors’ strategies can be seen as the product of calculation, or availability, or social acceptability. The rules can be seen as something fixed and given, or as themselves products of human action and subject to being ignored, or reaffirmed, or revised, or revolted against. So institutional approaches are not alternatives to rational, individualistic approaches favoured by most economists (and some political scientists) but include them. The Blackwell Dictionary of Sociology, for example, defines institutions as

...an enduring set of ideas about how to accomplish goals generally recognised as important in a society (Johnson 2000:157).

The reference to ‘goals’ points to rational activity, while the phrase ‘generally recognised as important’ points to their social construction and the possibility that there
may be differences between societies and over time in what is considered important.

There are several issues in the theory of institutions that seem particularly relevant to understanding transfer. First, there are the functions of institutions. They provide constraints and opportunities for rational, instrumental action. They also define what is more broadly right or wrong. They help to make sense of events and give them meaning (Scott 1995). Thus, for example, ‘the market’ can refer to a group of people buying and selling and to an ideal by which their activities can be understood and evaluated. Watching the buying and selling, we can say cognitively ‘a market is emerging’, and we can evaluate government policy, like the World Bank does, according to how ‘market friendly’ it is. The evaluative and cognitive aspects of institutions—appealing to hearts and minds—may transfer more or less easily than the more pragmatic and instrumental ones.

Second, there is the distinction made between formal and informal institutions. The transfer of formal institutions may not work without the transfer of the informal expectations and assumptions upon which they depend. Joseph Stiglitz (2000), for example, argues for the importance of tacit knowledge picked up in study tours, through secondments, and by ‘hands on’ experience.

Third, there are the similarities between institutions. Why do some institutional forms proliferate at the expense of others? There is a ‘surprising isomorphism’ in the organisation of schools and hospitals, whatever the political and economic system, or level of economic development (Strang and Meyer 1993).

Fourth, there is the role and future of a particular institution, the state. The state has become the dominant political form throughout the world but its time may be passing. Until recently, questioning the need for states seemed faintly impertinent, or irresponsible. Yet the anthropologist Pierre Clastres (1977) warned us against the belief that people living in stateless societies were necessarily ‘missing something’. ‘Public choice’ theory, which became influential on public administration thinking in the 1980s, started to formulate impertinent questions. Arguments from first principles showed states might ‘fail’, just as markets did. They are vulnerable to capture by well-connected interest groups. They may embody no higher purpose than the self-interest of the bureaucrats and politicians who staff them. By the 1990s there was a widespread lack of conviction in the state as an agent for development, in favour of markets and non-government organisations.

There have been attempts to transfer many kinds of institution to the South Pacific. Here we look at five: land registration; ‘Westminster’ style constitutions; representative democracy; public sector reform; and leadership codes.

Land registration

Most countries in the region have a system of registering titles to land. The system promoted in Papua New Guinea, Solomon Islands and Vanuatu was transferred from colonial Africa, which has provided many lessons—positive and negative—for policymakers in the Pacific. It also provoked violent resistance in student demonstrations in Papua New Guinea, after proposals to make land registration a condition of a World Bank loan. The issue is highly charged and ideological. A simple technical process of surveying and recording became interpreted in radically different ways: as the key to development through secure property rights; and as both destructive and conservative of tradition.

Nevertheless, the PNG government keeps coming back to the issue and there is continuing popular demand—expressed in applications for ‘tenure conversion’ under an older system—for some kind of customary land registration. In Solomon Islands, where
a colonial system of land registration was abandoned at independence, legislation was recently passed to allow the recording of customary land rights.

‘Westminster’ style constitutions

Westminster points to the London origins of the model disseminated though British colonial rule, and decolonisation. In practice, Britain does not have a written constitution and the South Pacific was influenced by models drawn from other Commonwealth countries, including Australia and New Zealand, which became colonial powers themselves. There are many examples of adapting Westminster to local circumstances and of persistent institutional dualism and pluralism. A few constitutions have tried to wipe the slate clean or entirely reconstruct the indigenous system (as Tonga did), but most recognise or show deference to some traditional institutions, such as chieftaincy or customary land tenure, at least at local level or in outer islands.

The spread of Westminster style constitutions shows the power of familiar and respectable models, disseminated through a professional group of lawyers. Less adversarial systems of government-by-committee were tried in Solomon Islands, and canvassed in Cook Islands, but politicians preferred Westminster. Marshall Islands broke with colonial precedents by choosing Westminster over a presidential executive.

Representative democracy

The third institution, related to the second, is representative democracy. Government by elected representatives has been in tension with indigenous traditions of direct democracy in Melanesia and chiefly rule in Polynesia. Samoa became independent while retaining a franchise restricted to chiefly heads of households (*matai*), though it has since adopted universal adult suffrage. Elected governments continue to run in to conflicts with traditional and chiefly forms of government at local level. In one case in Kiribati, traditional authorities simply dissolved a local government, while in Samoa local village *fono* carried out traditional sanctions against non-conforming individuals.

Public sector reform

The fourth institution is ‘public sector reform’, which during the 1990s came to mean downsizing and privatisation of state-owned enterprises, and improving public finance and procurement. Adoption of public sector reform was sometimes driven by the urgent necessity to restore public finances by cutting wage bills and realising assets. It shows the importance of perceptions of crisis in allowing transfer and demonstrates the role of international agencies in promoting standardised solutions, sometimes through the work of consultants moving from country to country. It also points to the cognitive and evaluative role of institutions in explaining and justifying activities that might have taken place anyway. Countries in fiscal crises, like Cook Islands or Solomon Islands, were forced to sack public servants and sell off public assets in order to replay loans. The donors and their consultants helped them package the inevitable in a language of reform: downsizing and privatisation.

The public sector reform efforts also reveal a growing suspicion of state activity, through the demonisation of public servants as ‘rent seeking’, and the revalorisation of the private sector, often the subject of earlier nationalist suspicion.

Leadership codes

Several of the constitutions adopted at independence contained provisions for ‘leadership codes’ designed to curb opportunities for high level corruption. In the 1990s there was a new wave of international concern about the impact of corruption on development. It was promoted particularly
by an international non-government organisation, Transparency International, based in Berlin, but with national chapters established in Papua New Guinea, Solomon Islands and Vanuatu. As well, the OECD's Financial Action Task Force pressured island states like Nauru and Cook Islands to regulate their Offshore Financial Centres, which, they argued, provided opportunities for money laundering and tax evasion.

Risk management for donors

In each of the cases mentioned above, international organisations have assisted bilateral transfers. Customary land registration was spread through British colonial institutions and advisers. Westminster constitutions are creatures of the Commonwealth, with countries seeking precedents from each other as much as from the original source in London. The World Bank and the Asian Development Bank promoted public sector reform. Anti corruption activity was promoted by an international non-government organisation, while the 'Group of 7' industrialised countries promoted the Financial Action Task Force to clear up money laundering and tax evasion.

Aid donors are professionally involved in the process of transferring institutions. This last section identifies several issues common to most of the cases and looks at them as risks that donors have to manage.

Crisis

The transfer of institutions has often been a matter of timing and opportunity, rather than choice and deliberate decision. In some cases (for example Papua New Guinea's Commission of Inquiry into Land Matters, or Fiji's Constitutional Review Commission) there was a deliberate process of looking abroad, comparing alternatives, and assessing what might be suitable. In many others (for example, Public Sector Reform) a domestic crisis led to the introduction of whatever happened to be available, and held in good standing among professionals at the time (in this case the New Public Management).

'Crises' were not necessarily self evident, and might have to be talked up. A sense of crisis was hard to induce over land tenure, which (to many Melanesian politicians) seemed to be working quite well. However peaceful it might have been, decolonisation provoked a constitutional crisis, as colonial governments withdrew, and reframed their support for local institutions. PNG officials tried to talk up a fiscal crisis in Papua New Guinea in 1981, and at one point the Forum Finance Ministers let their guard slip, warning at one point that economic recovery might slow the pace of reform. 'Corruption' erupted as a diagnosis of regional problems in the 1990s, but it was hard to identify the point at which such chronic decay might reach crisis point.

For donors, promoting a sense of crisis may create opportunities to pursue a reform agenda, but the risk is that a package accepted uncritically and without consideration of alternatives is later found to be irrelevant or to have unintended consequences. Crisis leads donors to seek solutions 'off the shelf', while recipient governments and legislatures are badly placed to assess sensibly what they are being offered. Local parliamentary processes are sometimes short circuited or attenuated in the name of urgency.

To manage the risks, donors need to exercise restraint. Donors can reduce the risk of misunderstanding or inappropriate solutions by canvassing options with local leaders and officials before crises take hold. If possible, they should use established processes and restore the status quo ante before embarking on reform.
Conditionality

Conditionality seems to have worked for a short period in Papua New Guinea in respect to forestry policy, by getting the government to do something it would rather not do. But it was followed by a breakdown in relationships between the government and the World Bank (Filer 2000). Elsewhere, and in the Asian Development Bank-sponsored reforms, loan conditions embodied complicity between the Finance Department and the Bank against spending departments. In several cases the Asian Development Bank seems to have encouraged governments to consult more widely than they might have otherwise done.

For donors, other less direct forms of power are also available, particularly the power to set the agenda in dealings with governments and—for the World Bank—to set the agenda for ‘development’ more generally. Power is also linked to knowledge expressed in statistics and consultancy reports. But donors can also get stung when recipients deploy ‘weapons of the weak’ such as refusing their officials visas, delaying replies, avoiding issues, and playing up divisions among donors (Larmour 2002c).

The risks of conditionality are a breakdown in regular relationships or resistance in other, irritating, ways. Donors may not recognise the power they are wielding in less visible ways, such as agenda setting, and the deployment of statistics, reports and information. They may then be frustrated at the resistance these indirect forms of power provoke. That risk might be managed by engaging recipient governments more in these indirect processes of agenda setting and knowledge production.

Consultants

Most of the cases show the importance of intermediaries, brokers and consultants in the transfer of institutions. Several different networks succeeded each other in the case of land registration. Professional associations and values, particularly among lawyers, surveyors and accountants, were powerful mechanisms for producing similarity among institutions (according to Ghai (1986), in Samoa’s case they overwhelmed constitutional provisions for the selection of the head of government that were designed to reflect Samoa’s particular circumstances). There has been a growing professionalisation of advice about electoral systems from political scientists. Professional historians (Jim Davidson and Brij Lal) were influential in constitutional reviews, where local knowledge was valued.

Consultants have been less important in the transfer of anti-corruption agencies, where local and international non-government organisations have produced and disseminated doctrine. Transparency International’s spawning of an electoral reform project in Papua New Guinea, which attracted European Union funding, points to greater use of the professional skills of lobbying and advertising to influence popular and élite opinion to support reforms to the voting system. Donors may need to develop or buy in these kinds of media and lobbying skills.

Donors wishing to promote similarity between institutions should be encouraging the growth of local professional organisations and their links with counterparts overseas. The risk is that ideas in good standing among professional groups may be trivial, or beside the point, compared to the problems they are supposed to address. Or, like the Alternative Vote in Fiji, their impact is quite unpredictable.

The risk is not managed by countering one kind of professional with another (for example, relying on an environmentalist rather than an economist) or by mixing the team. Rather, the donor needs to insist on empirical or comparative evidence for ideas derived from first principles or best practice, and to include a confident advocate of local knowledge to add balance to professional teams.
Other factors determining transfer

These cases show transfer quickly faltering without political attention. An elaborate bureaucratic system of customary land registration in Solomon Islands was simply shelved in the face of political indifference. Speight's initial successes against the 2000 Constitution in Fiji depended at least in part on tacit sympathy among indigenous Fijian leaders. Lack of political support has led to inaction on all of the Vanuatu Ombudsman’s reports on leadership code breaches, and Transparency International (PNG) blames lack of political will for lack of action on all of its initiatives.

Behind the ‘to-ings and fro-ings’ of parliamentary politics, more fundamental political settlements between powerful groups also set limits on possible reform. Fiji’s Constitutional Review Commission, for example, was explicitly enjoined in its terms of reference to put racial harmony above all other criteria, including democracy. Its report used the term ‘Compact’ to describe the underlying political agreement between racial groups upon which its legal superstructure would depend. In this case, the compact was more an aspiration than a reflection of the real relationships between mobilised ethnic groups in Fiji. Nevertheless, the Constitution persists with the support of the High Court. Tacit inter-island and inter-regional understandings also underlie constitutions in Papua New Guinea and Solomon Islands.

Culture matters in different ways. Deference to leaders may facilitate rapid change, as well as obstruct it. Distrust and suspicion may lead to the idea there is more corruption about than there actually is. Not everyone is equally committed to values, and reformers have succeeded by recruiting marginal and minority members, as well as trying to convert leaders. Similarly, non-government organisations may be better placed to influence from the margins, while government donors can only deal with those in power.

Research also suggests the importance of offering immediate practical advantages to clients and user. Customary land registration offered immediate advantages, leading to a queue of applications waiting in Papua New Guinea, even if its systemic effects were more contested. Constitutions offered less to ordinary people, though created opportunities for leaders. Representative democracy offered the opportunity to vote. Anti-corruption agencies offered the opportunity to complain.

Nevertheless, institutional choices were not simply pragmatic. The prestige of Westminster overcame arguments for less adversarial or cheaper alternatives. Nor were they simply incremental—some of the rhetoric around public sector reform (especially in Vanuatu) and anti-corruption agencies offered the prospect of radical change, root and branch reform, zero tolerance, and so on. Donors tend to be practical officials, uncomfortable with the dramatic and sometimes intractable aspects of public policy.

There are several risks here of political inattention, of inconsistency with underlying political settlements, of alienating leaders by working with marginal groups (and vice versa), or failing to offer immediate practical benefits. Lobbying, polling, and public diplomacy might manage to keep issues in front of politicians. Political analysis should look beyond parliamentary politics and elections to more fundamental political forces (which could lead to more informed strategic judgements about who should be targeted). Reform packages should be designed with an eye to their distributional effects and to ensure that immediate and practical benefits sustain demand for them.
Reiteration

The proponents of particular episodes of transfer were often disappointed, however shifts in thinking did occur over time. The transfer of customary land registration to Melanesia failed in one sense but governments (and individuals) show a continuing interest in some kind of registration.

Similarly, particular episodes of public sector reform disappointed their sponsors—the World Bank and the Asian Development Bank—but thinking about the public sector and privatisation is probably shifting over the longer term. The career paths of aid officials may prevent them from taking a longer view—it’s all new to them and, moreover, success is measured in terms of the length of their current posting.

In some cases, failed donor interventions may provoke domestic debate that leads to indigenous initiatives (as when the police and other agencies in Papua New Guinea proposed a national task force to deal with corruption, as an alternative to the imported idea of an Independent Commission Against Corruption). At other times the debates are repetitive and entirely conventional, as both sides stake out familiar positions (as in debates about land registration and, perhaps, corruption).

The risk is in seeing institutional transfer as a single episode that succeeds or fails. It might be managed better by improving institutional memory, adding new evidence or arguments to long-running debates—like those over land registration—and working through educational institutions that sustain longer-term shifts in opinion.

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