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Policy Characteristics Analysis

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Background

It is vital that managers clearly understand the nature of the policies they are charged with implementing. Far from being a mechanical process of simply carrying out what has been decided upon, policy implementation is a daunting undertaking with many points along the way that will affect the prospects for success of the reform effort. Understanding the context of the new policy and how it alters the status quo is an important step in initiating a strategic approach to implementing policy change. Policy characteristics analysis is a useful tool to help managers better understand the dimensions and dynamics of the policy, where it came from, and where support and opposition are likely to be strongest.

Policy characteristics analysis may be used as a first step in developing an implementation strategy by dissecting the policy and the environment in which it operates. The purpose of policy characteristics analysis is to provide a systematic understanding of the policy that can carry over into more detailed appraisal, such as stakeholder analysis and identifying mechanisms for mobilizing support or countering opposition. It is designed to help managers systematically think through:

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- what the policy is designed to do;
- the context in which the policy will be implemented;
- how consequential the changes introduced are, and for whom; and
- how the reactions of the public and/or bureaucracy are likely to be manifest.

All policy reform initiatives require paying attention both to the consequences they will have on the public and to bureaucratic implementation constraints. Specific features of the policy influence the relative importance of each and the dynamics of the implementation process. Some policies, such as the elimination of subsidies, entail little administrative complexity, can be implemented quickly and may generate considerable and immediately visible public reaction. Other policies, such as decentralization, require a great deal of administrative time and effort, do not have an immediate impact on the public at large, and so produce different types of public and bureaucratic response. Most policies, of course, present characteristics that lie along the continua of variables relating to public reaction, bureaucratic involvement, and technical complexity, among others.

Thomas and Grindle (1990) examined twelve policy reform case studies with regard to patterns of support and opposition and how they influenced policy reform outcomes. They concluded that policy reform should be understood as an interactive process, rather than as a linear sequence of events, in which the initiative may be altered or reversed at any point by the pressures and reactions of those affected by it. The reactions may vary from being very minor, to jeopardizing the implementation of the policy, or even to threatening the survival of a regime. The characteristics they identify that influence the nature of the response include the distribution of costs and benefits of a policy, its technological complexity, its administrative intensity, its short- or long-term impact, and the degree to which it encourages participation.

Based on these characteristics, Thomas and Grindle present two broad scenarios of reaction to policy change. The first scenario is that of the "public arena" where the outcome of the reform is largely determined by societal reaction to efforts to change existing conditions among groups most affected by the reforms. The other scenario is that of the "bureaucratic arena" where the outcome of the reform is largely determined by how bureaucratic agencies, public officials, and administrative routines respond to the policy change.

Policy characteristics analysis builds on this framework and poses a series of questions that relate to the essence of the policy, who it will affect, and the nature of the changes introduced. Before turning to the specific questions, it is useful to examine an illustration of how policy characteristics affect implementation.

Illustration: The Lesotho Agricultural Policy Support Program

A good example of how policy characteristics affect implementation is provided by the Lesotho Agricultural Policy Support Program (LAPSP), recently reviewed through the IPC project. This USAID--supported program targets policy reform in two areas: the implementation of a national grazing fee (and related livestock and range management issues) and increased involvement of the private sector in agricultural input distribution (principally through the divestiture of a government parastatal).

The idea of a national livestock grazing fee originated with a national livestock task force and is included in a national livestock plan. It has the support of the technical leadership of the Ministry of Agriculture, the agency primarily responsible for its implementation. The policy is designed to a) reduce herd size and overgrazing as livestock owners begin to pay for the use of a common resource, b) tie in with improved animal and range management practices, and c) provide locally generated resources to be used by communities for their own development programs. If successful, the policy will have far reaching implications for the way natural pastures and livestock are managed, and for the role of the local Village Development Councils.

The grazing fee represents a new tax to be paid by everyone owning livestock — a very significant proportion of the population — although the highest cost will be paid by those with the largest herds and hence the most political clout. The cost or the "pain" of the policy will be felt over the short term and will be highly visible to the public. The benefits of improved natural resource management will accrue over the long term and will be dispersed throughout society. Significant resistance is inevitable.

The agricultural input policy calls for: a) elimination of a subsidy on fertilizer sold in government stores, b) opening the distribution of agricultural inputs to the private sector, and c) divestiture of the parastatal agricultural input distributor. With the completed removal of the subsidy and the opening of the input market to the private sector, current attention is focused on the divestiture of Co-op Lesotho retail outlets. Although these reforms have been discussed in Government for a long time, there is no "national agricultural input distribution plan" or unit identified with this policy, as there is in livestock, and no pre-existing group providing technical leadership. Without external pressure (particularly a structural adjustment program) it is doubtful that the Government would have proposed divestiture at this time or at the pace envisioned.

The end of the government monopoly in the distribution of agricultural inputs had an immediate, visible impact. The benefits of the next steps of this policy, through the divestiture of Co-op Lesotho assets, will be less pronounced. They will depend on a series of factors relating to the economics of agricultural input use and to private sector decisions to invest in new retail outlets. Reduction of the Government's budget deficit is an immediate benefit of this policy, but it is unlikely to stir intense public reaction. Although a small number of businessmen or member cooperatives will gain from taking over the retail outlets, the short-term benefits of divestiture to the general public may not be highly visible. Similarly, the cost of the reforms will, on the whole, not be felt by society. Some farmers will be disadvantaged by the loss of nearby agricultural inputs, but no more so than in any normal business change. The "losers" in this reform are Co-op Lesotho employees and members of the bureaucracy.

Clearly, the nature of these two reforms is quite different and the origins, visibility, and distribution of costs and benefits of the policies will generate distinct dynamics of support and opposition. These differences are clarified by examining each policy in terms of the policy characteristics questions listed below.

Policy Characteristics Questions

1. What does the policy do? (E.g., it institutes a national livestock grazing fee; it divests state-owned agricultural input distribution functions and assets.)

2. What is the desired impact of the policy reform; what is it expected to accomplish or facilitate? (E.g., the grazing fee will alter the economics of stocking decisions and lead to reduced herd size and ultimately to improved natural pasture and livestock management as well as increased local control over local resources; the divestiture will enhance private sector participation in the agricultural input market and thereby increase availability of inputs to farmers as well as eliminate a drain on scarce government resources.)

3. Where did the impetus for the policy come from? Why was it initiated? (E.g., by the National Livestock Task Force, or as part of a donor-sponsored structural adjustment package.)

4. Related to this is the question of who decided the policy, how, and why? Was the policy decision simply the adoption of donor recommendations or conditionality based on economic rationality criteria? Was it part of a bargained process, and if so, what were the original positions of the decision-makers? Was it decided on because of personal interest of influential individuals, and if so, are they still influential and involved in the process? Examining these questions will help gauge the political will behind adoption of the policy.

5. What is the nature of the benefits, and to whom do they accrue? There are likely to be gainers in both the public and bureaucratic arenas. Specific questions should examine characteristics of benefits for both these groups. Variables include:

   - the visibility of the benefits
   - their immediacy or time between implementation and impact
   - the extent of the improvement over the status quo
   - their degree of concentration
   - the extent to which the benefits appear "zero-sum"

   In the case of both the livestock grazing fee and the divestiture of Co-op Lesotho assets, many of the benefits appear to accrue over the long term, are not highly visible, and are dispersed in society. An example of the reverse situation would be higher milk support prices in the United States that lead to important and noticeable income increases for the relatively small number of dairy farmers.

6. What is the nature of the costs of the policy reform, and who bears them? Since there are also likely to be losers in both the public and the bureaucracy, questions similar to those regarding benefits should examine the characteristics of the costs for both these groups, such as:

   - the visibility of the costs
   - their immediacy or time between implementation and impact
   - the extent of the deterioration over the status quo—the degree of "pain"
   - their degree of concentration
   - the extent to which costs are financial, political or status-related

   Continuing the examples mentioned above, the cost to the public of the grazing fee is immediate and very visible. The costs of the divestiture on the other hand do not affect the public to any appreciable extent, but are concentrated in the Co-op Lesotho staff who will lose their employment.

7. What is the degree and complexity of the changes brought about by the new policy—both for the public and the bureaucracy? Some policies may represent a great deal of change on the part of the public but little on the part of the bureaucracy (e.g., payment of a new tax in the form of the grazing fee that remains within the community); others just the reverse (e.g., those instances where producers continue to purchase supplies from agricultural input stores that have changed hands from the public sector to a private entrepreneur). Still others may represent considerable change in both the public and the bureaucratic arenas (e.g., removing the obligation to sell agricultural produce to the government parastatal will alter the

role of several government agencies and the commercial practices of agricultural producers).

Degree and complexity of change can be further assessed in either the public or bureaucratic arenas. Important variables include:

- the variety of changes introduced
- the departure they represent from current practices, roles and behaviors
- the degree of technical sophistication in the changes
- their geographic scale
- the degree of conflict about their nature or value

8. What is the duration of the policy change process? Some reforms can happen from one day to the next, like currency devaluation, others like the LAPSP reforms will require several years to fully implement.

9. What institutions are involved in implementing the policy? (E.g., Ministry of Agriculture, Ministry of Finance, Ministry of the Interior, parastatals, private enterprise, local associations or cooperatives, judicial entities, legislative bodies, NGOs, and local government agencies).

10. How administratively intense or technically complex is the new policy (in and of itself, not including the changes that it brings about)? For example, the steps leading up to the collection of the grazing fee (national livestock inventory), the fee collection process (creating the legal authority for the Village Development Councils to do so), the allocation of the funds collected (where, by whom, for what), all represent very complex operations. The divestiture of Co-op Lesotho assets also entails a relatively complex sequence of identifying and valuing the assets, establishing rules and regulations for their sale, and the actual transfer process.

Building on the analysis of the costs and benefits of the policies to the public and the bureaucracy, managers should examine the incentives for policy change for both. Specific variables here include:

- the perceived importance of the policy issue
- the degree of political support for change
- the extent central-level participation is required in implementation
- the extent local-level participation is required
- the perceived value of the benefits
- the perceived costs of non-compliance
- the extent benefits can be restricted to those who contribute resources
- the extent policy reform is a condition for additional donor resources

Systematically going through this set of questions will allow those charged with implementing the policies as well as outside support teams to obtain a clear understanding of what the policy is all about, and to begin to devise ways to enhance the prospects for successful implementation. In the Lesotho case, one of the outcomes of examining these issues was the realization that the original implementation timetable was overly optimistic and that additional planning was required to accommodate the necessary sequence of activities. Similarly, new ways in which pressure could be brought to bear to advance implementation were identified for each policy area, influenced by the location and concentration of their benefits and costs.

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