Policy Governance in an Era of Transition: Strategies for Managing the Pitfalls of Policy Change

A discussion paper prepared by INSEAD’s Innovation and Policy Initiative for the Abu Dhabi Center for Economic Knowledge
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“If we want things to stay as they are, things will have to change”

From The Leopard by Giuseppe di Lampedusa
In 2007, the Abu Dhabi Government embarked on a very ambitious plan for socio-economic development. The aim of this plan, entitled the 2030 Economic Vision, is to transform the Abu Dhabi economy from one dependant on natural resources to a knowledge-driven and environmentally sustainable economy. This manifesto seeks to make deep structural reforms within the economy and to the society at large. Far reaching changes are envisioned for the structure of industry, the composition and skills profile of the workforce, and the broader framework conditions that are going to be needed to support the transition to a new economy.

The Abu Dhabi Government has moved quickly to put the 2030 Vision into action and many of the necessary transition activities are now well underway. New public agencies have been designed or implemented; the missions of existing public agencies have been revised and new policies and regulations have been developed. Both the scale and scope of government have changed and expanded in accordance with the goals laid out in the document.

However, such rapid transformation entails a significant challenge: Processes of policy development and institutional reform do not take place in vacuum, but amidst existing legacies of institutional, cultural, and regulatory regimes. Left unmanaged, insufficient planning or communication can result in resistance to change that is powerful enough to disrupt or derail a transition process. For example, new and radically different policy missions may be difficult to adopt in agencies with long standing roles in government. New policy targets might conflict with existing ones requiring considerable change in day-to-day operations. Major changes in strategic direction coupled with a weak understanding of the new goals among implementers can often lead to tension, resistance, and inefficiencies in government. These may emerge within the same policy domains (e.g. transport policy), across policy domains (e.g. public sector procedures and practices across government), or between different policy domains (e.g. between environment policy and energy policy).

For an ambitious plan like the 2030 Vision to be successful in achieving its desired objectives, it must be carefully implemented to circumvent the various potentially harmful pitfalls that might typically occur if the process for change is not strategically planned. Consequently, this paper discusses (1) the pitfalls that can occur during a major policy change process and (2) the tools and strategies to prevent or mitigate the ill-effects of such pitfalls. It’s primary goal is to make policymakers cognizant of the problems and solutions associated with policy evolution.

This paper is divided as follows: In Section I, we present an analytical framework to assess policy change. In particular, we highlight four common means of change, namely, layering, drifting, re-purposing, and displacing are discussed. In Section II, two broad strategies are introduced to mitigate the negative impacts of the aforementioned scenarios: New Governance Arrangements and Strategic Agility. Section III presents some concluding remarks.
1.1 Stages of Transition

It is difficult to represent transition paths through a simple formula to predict their evolution. Nevertheless, a set of generic characterizations can be constructed for the phases typically observed during a major policy shift (Rotmans, Kemp, & Van Asselt, 2001). These include:

(a) **Predevelopment**: No changes are visible in the existing system.

(b) **Take-off**: The deep underlying structure of the system begins to change. This represents the origination point of a shift.

(c) **Breakthrough**: Changes become visible through the interaction between the socio-political, economic and institutional aspects of a system. Further, these interactions seek to amplify change through feedback loops.

(d) **Stabilization**: During this phase, the speed of change is reduced and the system begins to reach a new equilibrium.

Exhibit 1 below presents these phases in a highly stylized depiction of a transition process. It is not a tool we can use to assess the characteristics of change; rather it is intended to present a ‘mind-map’ for policymakers in thinking about the change process. For instance, it can present a framework for understanding where Abu Dhabi currently stands in the change process: For instance, one might argue given the progress achieved to date that the Emirate is currently at the ‘take-off’ phase of transition. Yet this representation does not allow one to predict exactly when Abu Dhabi will evolve to phase ‘C’ or further.

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**Exhibit 1: Linear Evolution**

There is a great deal of heterogeneity in the transition paths of socio-economic systems. The degree of transition need not be the same for all sub-components of a system. Some elements of the governance structure will be easier to change or adapt than others. Furthermore, transition journeys vary in terms of durations. Some transitions can be swift when and if triggered by an external change or they can take generations of reform. For example, a policy instrument aimed at facilitating a transition in demographic make-up can take decades for population growth to stabilize and a new equilibrium to be reached. Therefore, we will complicate the simplistic change scenario presented above in the ensuing discussion by introducing a more dynamic and complex depiction of transition processes that is more closely attuned to the reality that policymakers face. Exhibit 2 below shows a more nuanced model of transition processes. It depicts a process of policy change adapted from Benneworth’s (2008) model of change in regional economic development strategies, but one can think of it as a macro-level view of the risks and opportunities inherent in a change process.

Exhibit 2: Dynamic Evolution

Source: Benneworth, 2008.
The change story here begins with the perception of a crisis or challenge. Indeed, we can extend this categorization to include the perception of an opportunity as well. Once this is acknowledged, this challenge usually gives rise to a cadre of enthusiasts i.e. a group of policy entrepreneurs who drive innovations in policy. This is followed by a set of activities that most experienced policymaker must be familiar with: joint agreement on a vision or strategy, the piloting of the policy innovation (to get signals from a subgroup of the intended audience as to the efficacy of the policy), mainstreaming which involves scaling-up and the codification of operational procedures. From this stage onward, the policy process can come to represent a “virtuous cycle” wherein new threats/challenges/opportunities lead to renewal of vision, a new set of pilot projects.

At every stage of this process, decision makers must be cognizant of the risks that can completely derail the transition process. After the perception of an opportunity and the formation of a collective of policy enthusiasts, decision makers might fail to mobilize their resources or their alliances. This can extinguish the process before it even begins. Or, after receiving positive signals from Stage C i.e. the Pilot stage, concerned stakeholders might fail to reach agreement on the appropriate codification of these activities. This means that the project will either fail to be scaled-up or suffer the worse fate of constant re-piloting. Naturally, this can have substantial costs in terms of monetary and other types of resources.

While governments may introduce and administer policies that regulate or facilitate change for the betterment of society; policy change itself does not always happen in an orderly fashion or solely through the actions of government. Furthermore, where governments are not readily able or cautious about introducing a policy change, state apparatuses can informally - often in a subtle fashion - introduce change. This leads to a bifurcation in the mechanisms of policy change: change can be planned (deliberate) or unplanned (spontaneous). In turn, each of these categories of change can have positive or negative outcomes. In reality, policy change involves some combination of both. The challenge for policymakers is to manage the associated uncertainty effectively.

Unplanned policy changes occur through a mix of internal and external factors. On the one hand, spontaneous changes can be precipitated internally through the actions of employees at the lower echelons of the governance structure that ultimately require a formal policy change from further up the hierarchy. External factors on the other hand, include the economic, social and political context in which a particular policy operates that can underpin an organic shift in the orientation in the way a particular policy is implemented or administered.

Planned change is the result of deliberate actions undertaken by the government as a whole or by a smaller sub-section of ‘policy entrepreneurs’ within government. It is usually predicated upon the recognition of an impending crisis or arising opportunity
that provides the energy to set government departments into action.

**It is important to note that these changes – planned or unplanned – do not take place in a vacuum.** Instead, they add to an existing reservoir of policies, practices, and to an existing heritage of policymaking processes. In other words, it adds to an existing 'policy style’, ‘model’, or ‘regime’. Thus, policy change never really takes place in isolation. Instead, every new policy added is built upon a particular extant foundation.

**Consequently, the success of new policies will depend on the level of alignment with the policy framework, overall.** If the orientation of the old and new policies is in the same direction, the combination is likely to result in a cumulative and positive outcome. Conversely, if there exists deep, structural tension between what is present and what is introduced, we are more likely to observe incoherence in goals and implementation and thus poor outcomes.
1.2 Dimensions of Change

In the following paragraphs, we present a framework to analyze the change process. One can think of this framework as presenting an anatomy of change where we present four dimensions along which the change process can be anatomized: Source of Change, Mode of Change, Means of Change and Scope of Change.

1.2.1 Source of Change

This first and most natural dimension of the change process is the source or the driver of change. Two categories exist in this regard: external and internal sources. External sources of change, as the name suggests, are factors which lie outside the environs of policy making institutions and by policy making, we simply mean government entities. Thus, external sources of change can be cultural forces, political forces, natural forces or economic forces. For instance, the financial crisis of 2008 can be regarded as a significant external source of change which precipitated a whole spectrum of process and practice re-think.

On the other hand, internal sources of change relate to the cultures, structures, legacies and processes of government departments themselves. Alternatively put, these are the bureaucratic factors which precipitate change. Given the pervasiveness of the ‘Top-Down’ mode of governance in governments across the world, one might wonder how this category of change is relevant. The answer lies in the largely unexamined power of the middle-tier bureaucracy: While most senior policymakers and their advisors deliberate upon macro-level (strategic) perspectives on policy problems, the real ‘work-horses’ of policy making are the middle-tier bureaucrats who discharge these directives. Additionally, it is these same middle-tier bureaucrats who can relay signals from the citizenry base to senior-management. Along both directions, middle-tier bureaucrats have extraordinary discretionary power. They are in prime positions to actively or unwittingly initiate or stymie change. Further, it is quite obvious that the leadership of top-level decision makers or ‘policy entrepreneurs’ as we have referred to them in the discussion above are also significant drivers of change.

1.2.2 Modes of Change

Next, we present the second component of the anatomy of change: modes of change. One can conceptualize the mode as being comprised of two sub-dimensions, nature and speed. The former relates to whether the change process is a deliberately planned action by key decision makers. One can think of the Abu Dhabi Economic Vision 2030 as an instance of this form of change i.e. a deliberate, whole-of-government vision to transition the Abu Dhabi economy into one driven by knowledge and innovation. On the other hand, the change process can be an emergent one i.e. it may encroach upon policy makers with them being actively cognizant. A simple example of emergent change is the slow evolution of the demographic profile of a country i.e. the combination of health and social policy along with birth and death rates which produce a given demographic profile.

The other subcomponent is the ‘speed’ of change. Quite naturally, this relates to the pace with which change occurs. For example, the 2008 financial crisis was an immense shock to financial systems around the world, leading many governments to consider swift changes in among others fiscal policies. Conversely, change that requires a substantial
amount of time to be fully manifest is called incremental (or slow paced) change. An example of the latter could be industrial policy to improve the competitiveness of a country or a region. Because of the time-lag involved in terms of observing policy outcomes, policy transitions tend to be slow-paced.

### 1.2.3 Means of Change

#### Exhibit 3: Visualization of Change Scenarios

In this section, we present a discussion of the multifarious means by which change can take place. In particular, we explicate the exact means through which change can manifest itself. Beyond the taxonomic importance of these classes of change, we believe that – from a policy perspective – decision makers should be alerted to the presence of such factors and the positive/negative outcomes they can engender. In order to ensure that a mental link between the previous discussions and the forthcoming is maintained, we begin by providing a graphic depiction of the processes in mind. Exhibit 3 provides an illustration of the transition process and the different aspects of potential means of change that it might undergo.

**Layering:** Policy layering is a process whereby new instruments (tools) are simply ‘tagged’ onto an existing policy regime without the removal of previous ones (Schickler, 2001). Thelen, (2004) has described this process as “the grafting of new elements onto an otherwise stable institutional framework. Such amendments can alter the overall trajectory of an institution’s development.” In principle, policy layering
can be thought of as ‘business-as-usual’; governments frequently add new policies and institutions to existing ones to fill perceived gaps, or to respond to new emerging needs. As noted by Kathleen Thelen, this should not be seen as having trivial impacts as it can serve to completely change the structure of an institution, which can sometimes impede its overall effectiveness. Consequently, it becomes important to attempt to foresee in advance and distinguish situations where the addition of new elements to an extant framework can have a positive outcome from situations where such activities can be detrimental to the overall goals of the government.

(a) If the new policy layer – this could be a new regulation or a new department - is coherent and fits within the overall objectives of existing systems, this can be expected to lead to the positive outcome of ‘aligned layering’ in which the overall efficacy of policy making is improved.

(b) Conversely, adding new elements that are incongruent with the overall policy framework can have potentially damaging consequences. The establishment of a government department with policy objectives or processes that are in direct contradiction to those of another department under the same domain is one such an example of ‘misaligned layering.’ Usually, negative consequences of this form of layering are seen when policy makers faced with a major crisis and pressure, respond quickly and without the time for adequate planning, or when a new institutional layer is imposed for political reasons to circumvent a resistant bureaucracy.

Thus, the characteristics of the political-institutional context that gives rise to layering can be described as follows: policy stakeholders wishing to implement a change but faced with a stiff wall of vested interests and support for the existing policy will find it easier to implement workarounds by adding incremental layers to the existing policy than push for wider change. As Jacob Hacker notes, layering results when “proponents of change work around institutions that have fostered vested interests and long-term expectations.” (Hacker, 2004:248). Text box 1 presents an example of a layering change process.
Discussion Piece: Food Security in the United Kingdom A Case of Layering

The primary goal for food security strategy in the United Kingdom, until the outbreak of ‘Mad-Cow’ disease, was food hygiene and public health (Feindt & Flynn, 2009). Consequently the focus was on strict, scientific monitoring of food to ensure its safety. In this regard, the key policy tools deployed were a cadre of Environmental Health Officers and Trading Standards Officers at local levels to carry out inspections and the Ministry of Agriculture, Food and Fisheries (MAFF) at the central level with joint responsibility for food safety, agriculture and fishing, coordinating their activities (Feindt & Flynn, 2009).

But the outbreak of Mad Cow disease caused an immense outcry against the failure of the government in preventing this massive public health hazard. MAFF was singled out the former health minister, Edwina Currie, stated that “MAFF seemed to care more about the finances of the farming industry than about human health” (The Economist, 1998). Indeed, she went as far as to state that MAFF was in cahoots with farmers who dismissed a ban placed earlier on cattle feed made from the meat and bones of other cows - one of the main reasons behind the outbreak of the disease – because it would hurt their financial profitability (The Economist, 1998).

The response to such heated opposition was the creation of the Food Standards Agency (FSA) with sole responsibility for ensuring the safety of food. It was noted that MAFF suffered from a variety of shortcomings: 1. The joint responsibilities for both farming and food safety represented a conflict of interest and 2. The diffused nature of food inspection i.e. local level implementation of central guidelines by Environmental Health Officers (EHOs). In contrast, the FSA was positioned as the sole, centralized regulatory body. It was dedicated to “protect public health from risks which may arise in connection with the consumption of food and otherwise to protect the interests of consumers in relation to food.” (Food Safety Act, 1990)

The creation of the FSA can be regarded as an act of policy layering. The basic framework of food safety policy has remained the same (i.e. strict monitoring by a central organization) while the tools changed, from MAFF to FSA. This layering may be viewed as “simply a changing of organizational labels, as the FSA took over many of the food responsibilities of MAFF but gained very few additional powers’ (Feindt & Flynn, 2009) or as a genuine corrective layer of institutional and policy development, playing a prominent role in looking after the welfare of citizens. The support for the latter is provided by the FSA’s recent championing of a “traffic signal” system for food products in UK supermarkets that calls for red, amber or green symbols in front of products to denote levels of fat content (The Guardian, 2010). This is intended to better inform consumers and curb obesity. Although we can be sure that this is an instance of layering, the twin interpretation of the role of the FSA obscures a judgment on whether it is good or bad. Indeed, this demonstrates one of the central difficulties of analyzing real-life policy transitions where the ‘truth’ can take on many forms and varies by perspective.
1.2.4 Drifting

Drifting denotes a situation where a policy is progressively and surreptitiously altered to such an extent that it winds up serving a different set of goals than what was originally intended. This alteration of policy can arise due to changing socioeconomic or political circumstances that make the original policy goals seemingly less important and which put pressure on the responsible government agencies to serve a new purpose or community (Beland, 2007). This mode of change is the most pervasive of the four scenarios analyzed in this paper. The process is passive and occurs without the active intervention of decision-makers and more often than not is seen in circumstances where accountability and reporting frameworks are absent or weak. It is important to note that drifting implies a fundamental subversion of the power of governments to plan and implement policies. This can reduce (or sometimes even nullify) the pro-active capacity of government. As Jacob Hacker notes, “The hallmark of change of this sort [Drifting] is that it occurs largely outside the immediate control of policymakers, thus appearing natural or inadvertent. The question for policymakers becomes whether and how to respond to the growing gap between the original aims of a policy and the new realities that shifting social conditions have fostered.” (Hacker, 2004:246). Much like layering, drifting can have both positive and negative outcomes depending on the parameters of the situation and how these are managed.

(a) ‘Tactical drifting’ occurs when the orientation of a policy is shifted to fit the needs of a new socio-economic or political context. Sometimes governments might be reluctant to undertake comprehensive reform because of the policy change fatigue doing so may entail, especially if there has been significant major reform in the recent past. In such cases, the force and vigor of changing circumstances act as a conduit for change. This can happen with the tacit approval of decision makers who allow the policy to drift in a new direction or as an almost automatic process bypassing them and happening outside of their awareness.

(b) ‘Strayed drifting’ can be particularly problematic for government policy makers. This occurs when the orientation of policy changes due to structural or political pressures in a way that leaves it at odds with both its original aims and the needs of the greater populace. This can happen due to simple inefficiency in the government agency responsible for implementation or pressure from a stakeholder to reorient the policy to serve a minority interest. The usual result of strayed policy is public dissatisfaction and unrest that can be very detrimental to society and the morale of a government.

Primarily, policy drift emerges in the absence of political will to mandate the institutional or policy changes needed to adapt to a changing external environment. The ensuing result is that an established government institution or scheme that was made to serve a particular purpose or community gradually drifts to serving a new purpose or community without a deliberate intent to do so. Text box 2 presents an illustration of a drifting policy change process.
Discussion Piece: Brazil’s Ethanol Policy - A Strategic Drift from Agriculture to Energy

The Brazilian ‘Pro Alcohol Programme’ (ethanol programme) is a good example of a strategic Re-purposing of a policy over time. It has its origins in the regulation of the sugar industry and has evolved over a very long time frame. In the 1930s, the Sugar and Alcohol Institute (IAA) was established to set prices, regulate and act as a buyer of last resort in the event of a collapse in world trade. Part of the IAA’s mandate was to support medium and small scale sugar growers, particularly those in geographically targeted areas. Excess sugar production only was to be channelled into alcohol production for Re-purposing into ethanol for fuel and chemical feedstock.

The program had four explicit goals:

1. Increase the net supply of foreign exchange through reducing the demand for imported fuel
2. Reduce income inequality among regions by improving agricultural incomes sugar growing north-east.
3. To increase national income through the deployment of under-utilised resources, particularly land and labour.
4. Increase the growth of domestic capital goods sector through rising demand for agricultural and distillation equipment.

But this policy rapidly morphed into wider macroeconomic and social objectives. The trigger was The OPEC oil price shocks of the 1970s and the subsequent political turbulences in the Middle East that caused the government to change the scope and extent of the program specifically towards finding new fuel sources, supporting sugar sector incomes and encouraging macroeconomic growth and stability. What was a policy aimed at one socio-economic group, it evolved to become a strategic national policy.

The initial pricing interventions were standard industrial policy interventions in favour of an infant industry. First, the government offered a guaranteed purchase price for ethanol production by the state owned oil company, Petrobras. Second, they offered low interest loans for agro-industrial firms to stimulate further expansion of the sector and share risk. Third, ethanol and gasoline retail prices were fixed.

However, when global oil prices fell to extremely low levels, the Brazilian price support measures were no longer tenable. Two important external shocks exposed the new vulnerabilities that the ethanol policy had introduced. First, the world oil price collapsed in 1985. Second, the significant rise in sugar prices led the government to deregulate the sugar export sector and remove export restrictions. These two factors led to major ethanol shortages in a country that had come to depend heavily on ethanol. From 1989 to 1996 Brazil was the world’s largest importer of ethanol.

Interestingly, the private sector car manufacturers responded to government ethanol policy by increasing R&D investments in the production of ethanol fueled cars. The assumption was that continued government support for ethanol would stimulate demand for alternative fuel based cars including the promotion of exports of these vehicles. The Brazilian ethanol policy had then its third strategic drift into technology policy and the Brazilian government reflected this policy by enacting a series of measures aimed at increasing the diffusion of this alternate fuel technology: Ethanol fuel blends were raised to 25 per cent (from 20 per cent), Creating credit lines for sugar mills to expand capacity, Making ethanol available at petrol stations and Maintaining strategic reserves to smooth supply.

This can be regarded as a case of strategic drift: Continuous external shocks and pressures forced the original policy (social policy of income smoothing/support) to evolve into an industrial/energy policy (ethanol for cars). The ethanol policy unintentionally stimulated investment in R&D in the technology for alternative fuels for light vehicles. This ultimately led to the creation of flex-fuel vehicles (FFV).
**Re-purposing:** Re-purposing refers to the redeployment of old policies to fulfill a new purpose. The policies themselves are not substantively restructured but are organized to serve new ends by adopting new goals or bringing in new actors that alter their role and core objectives (Beland, 2007). Like the other categories of policy change considered here, Re-purposing can be an evolutionary process, unplanned and precipitated by a changing set of internal or external circumstances. But, deliberate Re-purposing can also serve as an efficient and effective lever for policy change. This leads to a consideration of ‘strategic Re-purposing’ (Good) and ‘derailed Re-purposing’ (Bad):

(a) ‘**Strategic Re-purposing**’ occurs when the actual process of re-deployment of a policy (or institution) is implemented with foresight. In order to so, the new policy direction must be driven by and aligned with the specific set of problems it is intended to solve. The goals (and more importantly, the reasons behind shifting goals) must be clearly defined and understood before reusing a particular policy framework. In addition, the extant policy framework must be flexible enough to accommodate the addition of a new set of goals or a new set of actors. This precipitates the need for a flexible and dynamic policy design that can be tuned to serve other needs. For example, if a policy with a set budget, time period and clearly defined set of activities will be very difficult and expensive (in terms of time and money) to deploy toward different ends if they are incompatible in these fundamental respects. Or, if the responsibility for implementation and administration of a particular policy rests in the hands of one or two government departments with their own longstanding interests, it is will be difficult to impose a set of objectives that competes with their entrenched position. Thus, it is advantageous to design diffused policy frameworks which can be adapted quickly from the outset.

(b) ‘**Failed Re-purposing**’ refers to the state which occurs when either of the aforementioned conditions is not met, the result being counterproductive policy wherein the original agency may be operating contrary to its original scope and capacity. This can have significant monetary and time costs along with spiraling inefficiency. It also raises a host of complications for potential evaluation and accountability and undermines the morale of the government agencies involved.

Fixed political environments give rise to scenarios that favor policy Re-purposing rather than comprehensive overhaul of existing policies or institutions rather than creating new ones. Under such conditions, ‘change champions’ within governmental departments find it easier to re-orient policies by introducing new actors or goals.

**Displacement:** The discussion of the above three scenarios have always concluded with the implicit observation that layering, Re-purposing and drift takes place when the political-institutional context impedes a complete overhaul of a particular policy approach. The case of displacement is a little different: in a sense, displacement is the ideal of policy change. This relates to the case where the existing reservoir of policies within a domain is completely upturned and a brand new policy – without any ‘baggage’ – is introduced. Thus, displacement should in principle be a positive and a desired policy action. With the introduction of a new policy to serve a newly desired outcome, all conflicting and overlapping pre-existing policies are suspended. This is known as ‘total displacement’. However, this does not always occur and sometimes, governments more commonly find themselves in the more complex position of having to contend with the consequences of deficient displacement.

(a) ‘**Total Displacement**’: As noted above,
total displacement is the final goal of effective policy transition and occurs when a policy is introduced and implemented independently and without the burden of those that came before it. This is only achievable where the agents of change have enough political will and influence to enact a complete overhaul and the political-institutional environment permits such radical measures.

(b) ‘Deficient Displacement’ occurs when a new policy is introduced that strongly overlaps with an existing one. It differs from layering, as under this mechanism the new policy is created rather than a new layer added. This needs not always be a negative feature as the two policies can be complementary leading to the creation of mutually beneficial support networks.

Difficulties arise when aspects of the new policy directly contradict extant arrangements. For example, policies to support the industrial development of a developing country require suitably skilled labor. All things being equal, the labor pool in any economy will be attracted to the sector that offers the highest wages. If such an industrialization policy is enacted in conjunction with an existing policy that provides subsidies to the agricultural sector which inflates wages, the former will struggle in attracting workers. Manpower – skilled or otherwise – will inevitably be drawn towards the agricultural sector with inflated wages. This is a classic example of deficient displacement: a new policy being enacted in competition with another, creating deep, structural tensions and ultimately leading to failure.

Sometimes ‘deficient displacement’ is caused by spontaneous unplanned action, such as when the users of a particular public service substitutes one government agency or program with another as key provider of the needed service. For example, many entrepreneurs in Europe would draw on unemployment funds to finance the startup of new businesses despite the availability of other public sources for financing entrepreneurship. Unemployment programs unofficially became sources for entrepreneurship funding, leading eventually to several governments legitimizing this practice. Text box 3 presents an example of Re-purposing leading to displacement.
New Zealand underwent a complete deregulation of its economy in the 1980s. Until then, like many other developed nations, the overarching economic paradigm was one of protectionism. Infant industries in the country were protected against foreign competition through a complex set of controls on imports and government purchase schemes to assure revenues for domestic companies. Once, the decision was taken to deregulate the economy to foster competitiveness, the government—in one fell swoop—dismantled controls across all sectors of the economy. This was a remarkable decision because it mitigated the chances of social resistance which would arise with piecemeal reform in particular sectors. Fundamentally, this was an example of a complete displacement: The deep structure of economic policy was replaced with something entirely new i.e. a transition from a controlled economy to one populated by firms in free competition with each other.

The experience of one particular company, the dairy company Fonterra, provides an insightful exemplar of a successful displacement. Moreover, it exhibits the twin process of strategic re-purposing leading to displacement:

Historically, the dairy sector in the country has been constituted by a large number of co-operatives. Although co-operatives allowed farmers to have a say in how their output was distributed and sold, the downside was that it was an inefficient system for exporting dairy products. Exports required a focused study of international markets and a robust supply chain which did not exist. Consequently, the government carried out the first step in its re-purposing process: instead of implementing a radical change or force these co-operatives to disband, it introduced a new actor into the mix, the Dairy Export Produce Control Board. This took on the responsibility of overseeing all dairy exports from the country alongside advising individual co-operatives. As time passed and based on the guidance of the board, the co-operatives found that it would be more efficient to reduce their numbers. Consequently, the time period from the 1930s–1960s saw a great deal of consolidative activity in the dairy sector in New Zealand. Before the start of this period, there were 400 cooperatives. Afterwards, there were 168.

Over the next three decades (from the 1960s to 1990s), the dairy board oversaw diversification along both product and market dimensions. The industry expanded into new geographic markets as well as into new product categories. Indeed, the world’s first spreadable butter was developed in the country in 1991. This was augmented through further consolidation. By 1996, there were only 12 companies in the dairy sector.

Mid to late 1990s saw an acceleration of de-regulatory initiatives in the country and this provided the driver for displacement. As discussed in the paragraphs above, the impressive changes in the dairy sector had been achieved through strategic re-purposing. However, the dairy industry as a whole was now faced with the prospect of a completely different economic landscape: all subsidies would be halted and governments would stop buying products to assure farmers’ revenues. At this point, the remaining two co-operatives and the board decided on a complete overhaul of their organizational structure. The reasoning was that as the economy opened up to foreign competition, it would be counter-productive to have domestic producers competing amongst themselves. Thus it was decided that this tripartite organization of two co-operatives and a board would be replaced by one company with a unified vision and production structure.

In 2001, this led to the creation of Fonterra. This entity was created through the merger of the New Zealand Dairy Board and two co-operatives. It was positioned as a cooperative and is owned by 96 percent of all dairy farmers in the country. Fonterra has become the one of the major exporters of dairy products in the world and has enjoyed a tremendous amount of success since its birth.

This case is an exemplar of strategic re-purposing leading to complete displacement. The formation of the dairy board was an act of strategic re-purposing viz. the introduction of a new actor into the policy framework. Subsequently, when the competitive structure of the economy changes with deregulation, this institution was displaced to form a single, unified entity i.e. Fonterra.
To summarize the discussion above, we present Table 1 below to provide an overview of the possible positive as well as negative outcomes of planned and unplanned changes. As can be seen from the table, both planned and unplanned change can result in success and failure. Planned change success hinges on good planning and on a supporting governance structure; whereas the success of unplanned change hinges on the presence of supportive processes and procedures that are inherent in an effective governance structure. We will touch on these conditions for success in greater detail in section 2 of this paper.

Table 1: Change Scenarios

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<td>Total Displacement</td>
<td>Deficient Displacement</td>
<td></td>
<td>Incomplete Displacement</td>
</tr>
</tbody>
</table>

Source: Authors
1.3 Policy Change

1.3.1 The Policy Change Quadrant

In this section, we will provide a framework to unify the previous discussion. Firstly, we note that the mode of change can be further decomposed as shown in the change grid below, which provides a visual representation of each mode and its conceptual relationship to the nature and pace dimensions of change.

The exhibit above presents a classification of the four means of change along the dimensions of Nature and Pace of change:

1. When transitions take the form of being Emergent (Nature) and Radical (Pace), we are most likely to observe the condition of Re-purposing. Re-purposing basically implies that old policies are re-purposed to serve new ends. When the pace of change is radical i.e. events take place at a rapid pace and policymakers do not have the leeway to take sufficient time to react, and nature of change is emergent i.e. it is not a deliberately planned action by policymakers, chances are that key decision makers will utilize the policies presently in their arsenal to tackling a new set of problems.
2. Along the same row, when the change is just below the surface but the pace of change is incremental, we get a situation of policy drift. Slow paced change implies that policymakers get sufficient reaction time but given the fact that the nature of change is not clearly visible, they are unlikely to react appropriately to their changing environments. This implies that – from their perspective – policymakers will believe that the system is stable and thereby not enact any major policy reforms. Such a situation is ripe for policy drift to occur where the contextual factors keep on changing but the policy is not accordingly adapted.

3. Moving one row down, we consider the case where the nature of transition is planned i.e. it is within the active purview of decision-makers. In such circumstances when the pace of change is radical, we naturally get a situation of Displacement. The juxtaposition of a major exogenous or endogenous shock to the socio-political system along with an active and concerted attempt to deal with it implies that most extant institutions of policy making will be overturned and the current reservoir of policies drained. Consequently, we will have a situation wherein a whole new set of policies and policy tools will be introduced into the system.

4. Finally, we consider the quadrant of layering. When policymakers decide on a course of action to enact planned changes to their respective domains but the evolution of external socio-economic forces are incremental, we usually get inertia in the policymaking process. Effectively, this means that decision makers will be unlikely to enact broad sweeping changes. Instead, as new information crops into their horizon, they will respond to it accordingly i.e. in a piecemeal fashion. This will lead to layering where new policies and procedures are added atop existing ones to deal with new challenges.
1.3.2 **Scope of Change**

Exhibit 5: Scope Continuum

![Scope Continuum Diagram]

Source: Authors

The final component of the anatomy of change is the scope of change. This relates to the ‘thematic’ component of the change process. In this particular case, we are discussing the notion of responses to change i.e. active action on the behalf of policymakers to the change process. In this regard, there are two primary components: Technical Scope and Collective/Adaptive Scope. These represent two ends of the spectrum. The graphic above visually summarizes the preceding discussion on the scope of change:

On the one end, a technical scope implies a parochial change process. Taking the example of climate change, a technical response to climate change would imply perhaps the establishment of an Office of Meteorology. The primary goal of this office would be to monitor changes in weather patterns. Generally speaking, technical changes are based on well-defined and easily measurable factors. The measurement of weather patterns is a technocratic exercise and well-understood around the world. Consequently, changes which are technical in nature are easily to implement because they are usually reliant on repository of well-established knowledge and practices. Moreover, they are also easy to get consensus on due to the largely mechanical nature of the exercise.

On the other side of the spectrum, we have Collective/Adaptive changes. These are changes which require consensus and understanding from a broad base of stakeholders to implement. And as such, these changes are the most difficult to implement. Carrying further the example of climate change, a collective/adaptive response would mean coming to a consensus and then taking a decisive course of action to combat climate change. As the experience around the world shows, obtaining stakeholder buy-in across the spectrum of interests is not an easy process. The debate on climate change in the United States for example, has stalled due to disagreement on whether the process is scientifically verifiable and whether the socio-economic and political consequences of reform are affordable.
The various aspects of policy transition introduced in the previous section do not necessarily happen in isolation or in forms that are identical to the definitions given above. A change situation might be characterized by a combination of some or all of the above or by a sequential change from one scenario to another. Institutional layering might lead to, or be the result of, a process of deficient displacement where new institutions are added to old ones. Likewise, a process of policy drift might be the outcome of small processes of layering; while policy Repurposing might lead to both policy drifting and/or deficient policy displacement.

This complex dynamic of change is further complicated by the chasm between planned (deliberate) and unplanned (spontaneous) policy transition. One can easily conceive of a chaotic situation wherein unplanned policy transition begins with layering and runs the gamut through to Re-purposing. In the face of such complex and challenging scenarios of change, effective change management becomes a critical matter. Change without reform and reform without change, to use Jacob Hacker’s terms (Hacker, 2004), are the ‘silent killers’ of effective government induced change. In this section, we present a discussion of two strategies which governments can employ to effectively manage this process.

First, dealing with unplanned policy change is a fairly difficult exercise as most activities lie outside the control of decision-makers. Consequently, the correct approach towards solving this problem should be to ask the question: if (negative) spontaneous change takes place, what mechanisms can governments put in place that can mitigate its’ ill-effects? In other words, what type of ‘insurance’ is available to reduce the counter-productive impacts of spontaneous change? The best answer to date lies in two related bodies of international best practice literature known as ‘Strategic Agility’ and ‘New Governance Arrangements’.
Strategy # 1: Strategic Agility

The foundation of this approach is based on constructing a policy framework with a governance structure that provides policymakers with the tools to adjust and adapt to changing situations or newly emergent information (OECD, 2010). In the presence of constantly shifting national and international priorities, strategic agility should be a critical component of the policy toolbox according to INSEAD professor Yves Doz along with Mikko Kosonen in their book *Fast Strategy* (Doz & Kosonen, 2008). Their work examined how private sector firms, in the face of increasing uncertainty, navigate a path that maintains growth. The main goal of the following paragraphs is to elucidate how their insights into the management of private-sector firms can be transferred to public sector governance.

**Instruments of Strategic Agility**

Strategic Agility rests on three pillars: Strategic Insight, Collective Commitment and Resource Fluidity. Each of these is examined, in turn.

1. Strategic Insight: This is about the “ability to understand and balance government values, societal preferences, current and future costs and benefits, and expert knowledge and analysis and to use this understanding coherently for planning, objective setting, decision making and prioritization.” (OECD, 2010)

   The key task for governments here is the constant evaluation of the efficacies of their policies. In order to do so, planning units must conduct regular cost-benefit exercises to see how efficiently their goals are being achieved. For every initiative undertaken, they must periodically map interim results with the original targets. Creating such an evaluation chain can provide a constant stream of inputs to central decision makers about the achievements and costs (monetary costs included) of their visions. Consequently, if it is seen that the costs far outweigh the benefits to the citizenry, these efforts can be abandoned before substantial investments of resources are made.

   Additionally, strategic insight relates closely to the role of governments as vision leader i.e. the first step towards the effective formulation and implementation of policy is the act of setting the course of action to be taken. This is natural requirement since governments can only map intentions and outcomes if they have a clear idea of what the intentions are in the first place.

   As somewhat of a digression, Exhibit 6 presents a ‘mental map’ of the possible ‘menu’ of visions a government can adopt (Canadian Center for Management Development, 1998). This can range from a free-floating structure where each entity is autonomous to a structure where there is a unified vision driving every department. This exhibit is presented as a reference for policy makers in Abu Dhabi.
<table>
<thead>
<tr>
<th>Minimal Coordination</th>
<th>Coordination Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Independent decision making by ministries: Each ministry retains autonomy within its own policy domain.</td>
</tr>
<tr>
<td>2</td>
<td>Communication to other ministries (information exchange): Ministries keep each other up to date about what issues are arising and how they propose to act in their own areas. Reliable and accepted channels of regular communication must exist.</td>
</tr>
<tr>
<td>3</td>
<td>Consultation with other ministries: As well as informing other ministries of what they are doing, individual ministries consult other ministries in the process of formulating their own policies, or position.</td>
</tr>
<tr>
<td>4</td>
<td>Avoiding divergences among ministries: Ensuring that ministries do not take divergent negotiating positions and that government speaks with one voice.</td>
</tr>
<tr>
<td>5</td>
<td>Inter-ministerial search for agreement (seeking consensus): Beyond negative co-ordination to hide differences, ministries work together, through, for example, joint committees and project teams, because they recognize their interdependence and their mutual interest in resolving policy differences.</td>
</tr>
<tr>
<td>6</td>
<td>Arbitration of inter-organizational differences: Where inter-organizational difference of view cannot be resolved by the horizontal coordination processes defined in levels 2 to 5, central machinery for arbitration is needed.</td>
</tr>
<tr>
<td>7</td>
<td>Setting parameters for organizations: A central organization of inter-organizational decision-making body may play a more active role by setting parameters on the discretion of individual organizations. These parameters define what organizations must not do, rather than prescribing what they should do.</td>
</tr>
<tr>
<td>8</td>
<td>Establishing government priorities: The centre of government may play a more positive role by laying down main lines of policy and establishing priorities.</td>
</tr>
<tr>
<td>9</td>
<td>Overall governmental strategy: This case is added for the sake of completeness, but is unlikely to be attainable in practice.</td>
</tr>
</tbody>
</table>

Exhibit 6: Mental Models of Intra-Governmental Organization
2. Collective Commitment: The first step—strategic insight—lays the foundation for the implementation of a dynamic government policy. The next step known as Collective Commitment is where, “Governments … build collective commitment among key stakeholders to coherently implement a shared vision.” (OECD, 2010) Moreover, “agreement and commitment to a common agenda also provide a framework allowing all societal actors to identify the subsidiary actions needed to realize the vision, and thus ensure that it comes to fruition.” (OECD, 2010).

There are two primary ways of achieving collective commitment through the alignment of incentives:

a. Although not directly related to incentives, one sub-strategy is to optimize the responsibilities across government departments. In this case, consider the following example: A core government planning committee decides to implement a new service for its citizens (e.g., e-government). This will require the participation of a whole range of departments such as Information Technology, computing infrastructural firms and a whole host of government services.

In such a context and given such a range of participants, planning units are usually likely to offer very generic guidance on the tasks to be achieved, leaving each department to detail its own activities. This has the potential of creating problems further down the line because the optimum solution for each department need not be the one which achieves the overall goals of the initiative. This is because client-facing departments usually do not have the macro-level view of the central steering committee and are usually swamped by customer demands. The correct strategy in this regard would be for the steering committee to plan specific targets for each involved entity such that the overall goals of the initiative are achieved. On a related note, an ancillary issue for governments everywhere is to contemplate a mix of Top-down Vs. Bottom-Up approaches. Exhibit 7 presents a broad discussion of thinking on this issue.

b. A second sub-strategy and somewhat related to the first one is avoiding the consolidation of power in a few government departments. This primarily takes place in the realm of budgeting: when a sizeable chunk of a budget is reserved for a handful of departments, this creates ‘departmental oligopolies.’ The trajectory of the overall policy then relies on the actions of these specific players. This is a dangerous position to be in because their entrenched interests come to dominate the discussion, making it harder for successful change management. The recommendation here is to avoid the consolidation of implementation power in the hands of a few departments.

c. Resource Fluidity: The final pillar of strategic agility is called resource fluidity. The whole focus of strategic agility is on making public sector entities more responsive to changing environments and needs. Apart from the ability to plan coherently (Strategic Insight) and ensure stakeholders participate under a unified vision (Collective Commitment), it is imperative that resources are allocated quickly wherever they are needed most. This can be achieved by structuring resource dispersal in a way that permits decision-makers to re-adjust and re-shuffle resources as the conditions change or new critical information is gained that indicate the necessity to change track. Resources can be designed to be not too purpose-specific (for example tractors for farmers) and not committed for long periods of time (e.g. 10 years).
The challenge of coordination does not concern horizontal relations only, but often vertical relations too. This challenge arises from two competing management approaches: Top-down coordination management and Bottom-Up coordination management. The former relates to top-level decision makers or steering committees mapping out the roadmap for entities lower down. This can be advantageous in the sense that those on the higher echelons of government can take a holistic view of the problem. This makes it easier to strategize for the fullest range of possible contingencies. Such macro-level strategy can then be broken down and disseminated among stakeholders lower down the command chain.

On the other hand, bottom-up coordination management relies on those at the lower echelons of government departments. It is indubitable that the users of government services (its’ intended beneficiaries) interact with those who are the lowest rings of governmental hierarchies. These are employees on the ‘front-lines’ of public sector governance. Consequently, these employees receive the strongest signals from citizens as to the efficacy of public policies. It is thus natural that this cluster will have valuable information to share when planning or implementing policies.

Both of these approaches top-down and bottom-up have their respective set of advantages and disadvantages. An extensive focus on ‘trickle-down’ governance where strategies emanate at the top and are passed downwards through the hierarchy can potentially alienate the common employees of government departments. The charge can be levied that key decision makers are too theoretical without regard to the day-to-day practicalities. At the same time, an excessive dependence on bottom-up governance can result in inefficiencies as a multitude of employees jostle for attention to air their opinions. Furthermore, ‘front-line’ employees are usually so deeply engaged in the minutiae of their duties that they might be unable to see the wider context of policies.

Governance mechanisms are therefore constantly facing the challenge of balancing between competing pressures from both vertical relations as well as horizontal relations. While both are important sources of information for policy development and policy implementation, horizontal relations tend to be more important for policy development, whilst vertical relations are critical for policy implementation.
In the preceding paragraphs, we have provided an overview of ‘Strategic Agility.’ It remains to be discussed how this can aid in planned transition management. As noted previously, every single one of the (potential) pitfalls i.e. layering, drifting, Re-purposing and displacement can be productively orientated if the policy upon which these changes are being made are robust enough to accommodate them. For example, recall the conditions for strategic Re-purposing:

1. The new policy direction must be driven by and *aligned* with the specific set of problems it is intended to solve. The goals (and more importantly, the reasons behind shifting goals) must be clearly defined and understood before reusing a particular policy framework.

2. The extant policy framework must be flexible enough to accommodate the addition of a new set of goals or a new set of actors.

Strategic insight is specifically geared towards meeting the first condition i.e. a constant mapping of objectives and results will automatically generate data on whether the intended policy is aligned with its targets. Moreover, all three pillars of strategic agility are catered towards creating a dynamic framework which is second condition.

Or we could consider the example of aligned layering: this is achieved when the new layer is coherent and fits within the overall objectives of the policy. This relates to the first two tools of Strategic Agility i.e. insight and collective commitment. The first allows for the set of checks and balances that ensure that any addition to the policy is optimal and the second allows for a smooth flow of coordination between the implementers of new layers and the existing policy, ensuring consistency.

Note that we do not discuss drifting and displacement because these two are rather unique modes of transition. The first is a case of government in *in*action while the latter is the really the final goal of transition management. Neither of these fit into the realm of strategic agility.
Strategy # 2: New Governance Arrangements

New Governance Arrangements (NGAs) is a relatively new paradigm in formulating and implementing governmental policy. This approach seeks to create governance networks that involve key stakeholders in decision making and problem solving. The ultimate goal is to extend governance horizontally through networks of interaction rather than vertically through traditional hierarchical structures (Bingham et al., 2005). Salamon (2002) characterizes this new paradigm as a framework for recognizing "the collaborative nature of modern efforts to meet human needs, the widespread use of tools of action that engage complex networks of public and private actors, and the resulting need for a different style of public management, and a different type of public sector, emphasizing collaboration and enablement rather than hierarchy and control" (Salamon, 2002).

More specifically, NGAs intended for public sector senior or middle managers with overlapping interests or domains. They meet periodically to share information and combine know-how/resources to solve common challenges. Typically, these meeting take the form of open and broad consultation processes to reach jointly agreed targets and performance measures among other governance issues. Part of the success of the approach arises from the relationships of trust that grow through ongoing interactions among stakeholders working together to achieve a higher common purpose. Where NGAs involve cross government stakeholders, mutually advantageous knowledge sharing across departments follows with diminished emphasis on traditional vertical structures of governance.

In the literature, NGAs are sometimes presented as a counterpoint to the traditional habit of governing in silos. However, it is important to note that NGAs are not an alternative to the silo structure. Indeed, there are significant advantages to managing in silos:

A. Senior management enjoy a high degree of autonomy and a comforting perception of close control over resources and personnel, and the ability to accumulate resources and plan long term objectives.

B. It is easier to communicate organizational direction and gain consensus vertically in a short period of time

C. It has the benefit of being resistant to unnecessary or inappropriate change that underscores a perception of consistency and reliability. Both important factors in maintaining public confidence in government.

However, the implementation of grand strategies such as the Abu Dhabi Economic Vision 2030 requires a whole-of-government action. That is, it is necessary for a variety of government departments to work together (sometime within the same policy domain and sometimes across policy domains) to bring about lasting change across mutually dependent or influencing policy areas. In such a context, a silo based approach towards implementing a whole-of-government vision has a significant downside: Senior policy makers can become stretched in terms of time and resources in a horizontal management context.
The pace and scope of change mean that they cannot expect to have advance warning of all events that are going to affect their areas of responsibility. This disjunction between those who make decisions and the timeliness of the information they receive presents a scenario where unplanned change can creep in. Decision-makers struggle to manage their own departmental goals, let alone monitor the work of other departments/stakeholders.

New Governance Arrangements allow policymakers to enjoy the advantages of managing in silos where this is beneficial and appropriate, while collaborating across departments to achieve whole-of-government objectives. NGA’s foster an environment where decision makers have broader access to more real-time information on both external and internal occurrences in across domains. By reducing the vertical distance in government and increasing horizontal networks, decision makers can tap into other information sources in reading the pulse of both employees in their own and other departments, as well as the citizenry in some circumstances. By overcoming a common origin of unplanned change viz. informational asymmetry, NGA’s can reduce or perhaps annul the ill-effects of strayed drifting, derailed Re-purposing, misaligned layering and deficient displacement.

Instruments of New Governance Arrangements

The instruments of New Governance Arrangements are fairly broad-based, varying according to the specific policy context being considered. However, there are common features which are explained below (Eberlein & Kerwer, 2004):

A. Deliberation: This refers to the undertaking of multiple discourses with relevant stakeholders before implementing a policy. The intention being to collate a variety of insights from both officials and a selection of the general populace to get a broader perspective.

B. Local Forums: Micro-level meeting platforms which occur frequently and aid deliberation.

C. Governance Councils: These act as coordinating hubs for local forums intended to collect, analyze and distribute the experiences gathered from individual forums. These also serve the important purpose of serving as a centralized repository of knowledge and experience which can be accessed by stakeholders.
The key requirement for a successfully planned policy transition is the formulation of a flexible and dynamic policy framework. Specifically, the dynamism of a policy framework goes hand in hand with its adaptability. The transitions described in Section I all deal with either supplementing current policies (in the case of layering, drifting and Re-purposing) with new goals or instruments or supplanting them (in the case of displacement). In either case, the focus for policymakers starting out on a new piece of policy should be to create a framework that is robust enough to withstand foreseeable changes in the environment. Below, in Table 2, we provide a summary table of the strategies and instruments discussed thus far:

Table 2: Summary of Mitigating Strategies and related instruments

<table>
<thead>
<tr>
<th>Change</th>
<th>Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Agility</strong></td>
<td><strong>Strategic Insight</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Collective Commitment</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Resource Fluidity</strong></td>
</tr>
<tr>
<td><strong>New Governance Arrangements</strong></td>
<td><strong>Deliberation</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Local Forums</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Governance Councils</strong></td>
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</tbody>
</table>

Source Authors
Government is continually engaged in a process of managing the way change in the world affects its citizens. Typically, much of the ‘business-as-usual’ change that governments engage in can be characterized as low intensity incremental shifts and decentralized decision-making, all of which occurs in a continual process of movement toward given policy targets. However, sometimes governments, or parts of government, must embark on more involved processes of reform, renewal and modernization characterized by high-intensity and major change in the work and structure of agencies. In this paper, we have provided a discussion of the risks associated with the policy change process, which are relevant to both ‘business-as-usual’ or radical fast paced modes of change.

Whether it is through planned change or through a process of spontaneous evolution, governments face the risks and pitfalls of policy change. For example, decentralization carries with it the risk of adding new layers of bureaucracy to government machinery, creating potentially greater distance between end-users (e.g. citizens) and central decision-makers, potentially causing ‘misaligned-layering’ between central government entities and decentralized implementation entities, etc. But these risks can be mitigated with appropriate instruments. For example, strategic agility through resource fluidity whereby central government units maintain design funding dispersal in way that gives it a lever to ensure that the decentralized agencies act in a coordinated fashion vis a vis central government entities. Exhibit 8 below provides a visual summary of pitfalls and mitigating mechanisms.

Exhibit 8: Summary of Pitfalls and Mitigating Mechanisms
Another example is the creation of a new generation of government instruments, such as agencies or schemes that overlap with preexisting agencies and schemes. For example, a new government entity should have a clear mission that distinguishes it from any other existing government entity or instrument. Its target community and the function it serves should be relatively unique. This would help mitigate the risk of institutional competition. Government entities, new or established, should undergo periodic review and appraisal in order to mitigate the risks arising from policy drift. To this end they should have clear missions, concrete targets and milestones upon which they can be reviewed on a regular basis.

**Reform has positive connotations but carries with it risks.** Established government instruments lose efficiency when ‘cosmetic’ changes are made to their goals and missions without a parallel reform of supporting structures or resources to the machinery of government. For example, a move towards greater coordination between government entities without the necessary supporting mechanisms for coordination results only in rhetorical change. Department heads might meet cordially to familiarize each other with activities at their respective departments or mid-level managers might meet to exchange technical expertise, but without real coordination mechanisms in the form of a taskforce, committees, or central agencies coordination.

**Policy development and organizational change in government are activities that carry with them potential pitfalls and the Abu Dhabi government could benefit from a more coordinated strategy to managing the policy change** and development called for in the 2030 Vision over the next two decades. The 2030 Vision is an ambitious undertaking that promises to transform socio-economic structures in Abu Dhabi and with this, the work and responsibilities of major public institutions. A major challenge for decision-makers will lie in their ability to successfully introduce and embed efficient and effective policy instruments within a governance architecture that works across government. In addition, there is also the constant challenge of responding to unexpected (and uncoordinated) change that arises from the spontaneous actions of broader stakeholders’ communities, including those within government apparatuses. New Governance Arrangements and Strategic Agility are two possible frameworks for governance design that can help mitigate these challenges. In this regard, modern government machinery would also benefit from an ongoing monitoring mechanism that provides alerts and feedback loops that would allow targeted guidance to those parts of government at risk of falling prey to the pitfalls of the four risk scenarios of layering, drifting, Re-purposing and displacement.
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