

Evidence Brief

What Works in Addressing Global Poverty – Public Sector Performance

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Key Points

1. Although standards of governance are generally improving, inadequate public sector performance remains a major obstacle to development in many poor countries today. Encouragingly, there is a growing body of research that points to promising strategies at both the macro and micro level.
2. At the macro level, research focuses on how to make democratic elections deliver better outcomes for poor people. A key part of this looks at strategies to ensure that voters have enough information to make sound choices on Election Day. Successful interventions here include candidate debates, publicizing the results of government audits, and public deliberation between candidates and voters.
3. At the micro level, a variety of strategies focus on increasing community participation in development programming. Studies have documented positive results in terms of building local infrastructure and monitoring the delivery and targeting of public services. These local approaches cannot, however, replace a functional central government in driving development.

The Problem

Poor governance is one of the most important obstacles to economic development. Governments that fail to carry out basic functions of state administration, including providing public goods and services such as education, healthcare, clean water, and sanitation, are neglecting what is necessary to nurture a healthy, productive workforce.

A dysfunctional public sector can create a range of additional problems for development. Failure to enforce property rights deters domestic and foreign investment. Corruption may divert public resources from productive

uses. In the worst case, failing states are prone to violent conflicts with potentially ruinous economic consequences.

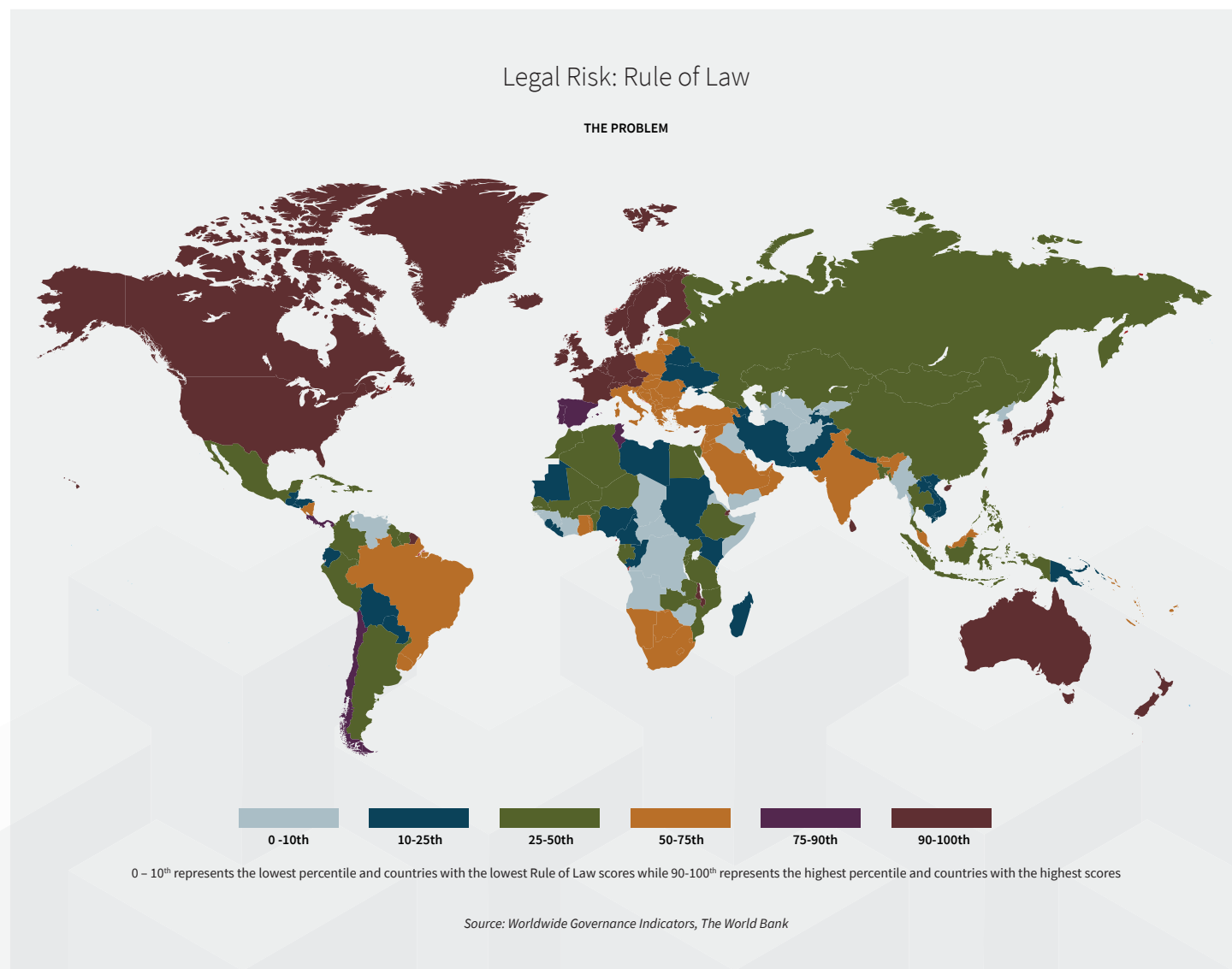
The World Bank compiles a series of world governance indicators measuring political stability, rule of law, and control of corruption. Poor countries, including many in Latin America, Sub-Saharan Africa, and South Asia that have been the focus of development assistance, often do badly according to these standards.

However, poor and developing countries vary considerably in public sector effectiveness and degree of progress toward building stable and functional state institutions.

For example, in Africa, rule of law has deteriorated markedly in Zimbabwe and Eritrea, but improved greatly in Rwanda and Liberia.

Overall though, trends in the developing world, and Sub-Saharan Africa in particular, are heartening in terms of the spread of democratic norms and the commitment of governments to economic development. Despite some backsliding, we are living in an unprecedented era of democracy.

Sierra Leone is a case in point. This West African country was plagued by dictatorship, corruption, and civil war that left public institutions in shambles. After peace was restored in 2002, a multiparty democracy was established, multiple free and fair elections were held, primary school enrollment reached nearly 100%, and GDP grew at average rates of 4–6%.



What We've Learned

In theory, the spread of electoral democracy should make political leaders accountable. If they fail to promote public welfare and economic development, they will be voted out of office. In fact, political reforms often do not deliver the anticipated political and economic dividends. Ineffective leaders frequently cling to power despite free elections.

Researchers have investigated this question at the macro level, asking how elections can become more effective tools for promoting development. At the micro level, they have examined whether community participation can advance political and economic reform.

The macro level: information and accountability

Elections can weed out poor performers only if voters know who is doing a bad job. In poor countries, people may not have access to facts that would permit informed political judgments. Encouragingly, there is evidence for the efficacy of a variety of different informational interventions in diverse contexts.

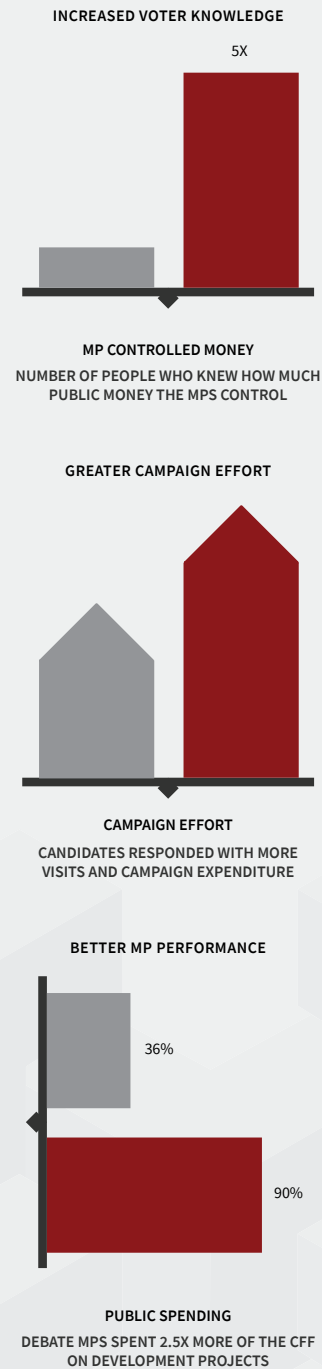
Sierra Leone. In Sierra Leone, surveys showed that 64% of voters could not name any of the responsibilities of Members of Parliament and only 3% knew approximately how much local development money legislators controlled.

The problem is how to get politically important information to voters when the electorate is poorly educated and news distribution channels more common in richer countries, including print media, television, and the Internet, do not reach most people.

One approach is to organize campaign debates and show videos of these exchanges to voters. A field trial in Sierra Leone conducted during the 2012 parliamentary elections tested the concept in 28 races (Bidwell, Casey, & Glennerster, 2019). Debates took place in half of these contests

and festive events to view videos of them were organized at a quarter of polling centers. In the remaining races, no debates took place.

Impacts of Debates



Source: Bidwell, Casey, & Glennerster, 2019.

In the places where debate videos were shown, the share of people who knew how much public money Members of Parliament controlled increased five-fold. Candidates responded with more visits and campaign expenditures. Critically, after the election, members of parliament who participated in these debates spent 90% of the local money they supervised on development projects, while their counterparts who didn't debate spent only 36% on development.

Brazil. Mass distribution of information on the performance of public officials played a key part in a 2003 Brazilian anti-corruption campaign. The central government carried out a series of random audits of mayoral management of municipal budgets. Results were disseminated to the media either before or after municipal elections. Reelection rates of mayors who, before voting took place, were exposed as having committed two or more corrupt violations were significantly lower than equally corrupt mayors who were exposed after elections (Ferraz & Finan, 2008). This is evidence that voters will vote based on performance, but only if they know whether an official is doing a good job.

Other interventions. Recent studies of voter information initiatives include debates in Ghana, Uganda, and Liberia; scorecard information campaigns in India, Uganda, and elsewhere; and meetings in Benin between political party representatives and voters to discuss issues. The results of these interventions have been mixed. Voters respond to information, but how it is delivered is critical. Packaging information in forms that are interactive and engaging makes people want to pay attention, producing better results.

Political leadership. An emerging research area involves studying how to foster effective leadership through political party structures. A novel field trial in Sierra Leone tested the effects of democratizing the candidate selection process by varying how much say voters had in selecting them (Casey, Kamara, & Meriggi, 2019). Candidates picked with significant popular input tended to be stronger supporters of development projects. This is an exciting area for future research.

The micro level: local participation and foreign aid

In the 1990s, the international aid community (e.g. the World Bank and other donors) shifted from centralized, top-down methods of delivering aid to decentralized, highly-participatory models, an approach that remains popular today. The idea is that when the state is not providing public goods and services, people at the grassroots may do a better, more cost-effective job, at least as a temporary stop gap.

Community-driven Development

CDD projects have two components:

- 1 Block grants to fund local public infrastructure (\$5,000 per community)
- 2 Social facilitation to promote more inclusive and democratic decision-making (6 months spread out over 3.5 years)

Combination aims to improve infrastructure and institutions for more **sustainable** development

Community-driven development. One particular project method, called community-driven development, has two components: 1) block grants to fund local infrastructure; 2) social facilitation to help build democratic community institutions and give people skills to sustain development.

In recent years, field trials in Sierra Leone, Democratic Republic of the Congo, Afghanistan, Liberia, and Sudan have yielded a mixed verdict on the effectiveness of community-driven development. In general, these projects have succeeded in building needed infrastructure, but they have largely failed to create durable democratic institutions or make local decision-making more inclusive (Casey, Glennerster, & Miguel, 2012; Humphreys, de la Sierra, & van der Windt, 2012; Beath, Christia, & Enikolopov, 2013; Fearon, Humphreys, & Weinstein, 2015; Avdeenko & Gilligan, 2015).

Community participation in service provision. There is a related stream of interventions and research studies examining the effects of enlisting community members to monitor public service provision:

- A community healthcare monitoring program in Uganda in the early 2000s significantly raised the quality of care and reduced child mortality (Björkman & Svensson, 2009). But when the program was repeated on a larger scale a decade later, the effects were much smaller (Raffler, Posner, & Parkerson, 2019).
- In Kenya, parental involvement in school management committees improved learning (Duflo, Dupas, & Kremer, 2015).
- In Indonesia and Bangladesh, local residents identified the poorest households in their communities, helping ensure that social safety net programs reached those in greatest need (Alatas, et al., 2012; Galasso & Ravallio, 2005).

Overall, the promise of community participation is that it gives people a greater stake in development and a voice in how projects are carried out. But it is not a cure-all and it imposes costs on people's time. Moreover, local participation cannot substitute for formal state institutions in delivering public goods.

Leveraging Local Talent. An additional area of promising work focuses on better matching the skills of the local population to public sector jobs and tasks. As an example, in a preliminary study in Sierra Leone, communities were encouraged to delegate the work of development—specifically in relation to preparing applications for government infrastructure funds—to young, well-educated community members, instead of keeping with the status quo elder traditional chiefs being in charge. Proposal quality rose significantly. Other studies found that higher salaries drew more competent public sector workers in Mexico, better teacher wages improved learning results in Peru, and performance-based pay improved healthcare service delivery in Rwanda (Dal Bó, Finan, & Rossi, 2013; Alva, et al., 2017; Basinga, et al., 2011).

Implications

1. Humanitarian aid and philanthropy can play an important role in turning elections into genuine exercises in democracy by supporting programs that foster information and accountability.
2. Boosting community participation in development decision-making has value, but is not a panacea. Grassroots involvement in infrastructure provision and targeting can improve results. But participation imposes a burden on community members and local action shouldn't replace efforts to build central government capacity.
3. There are exciting new frontiers to explore for raising public sector performance by implementing innovative approaches to better match the skills that exist in the local population to the types of jobs and tasks that facilitate development.

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About Katherine Casey



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Her scholarship explores the interactions between economic and political forces in developing countries, with a focus on Sub-Saharan Africa. She has investigated the role of information in enhancing electoral accountability, strategies to increase the productivity of government workers, and the influence of foreign aid on economic development.

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