Strategic Use of Funding to Fill Knowledge Gaps

Experience from J-PAL Governance Initiative

Conner Brannen & Iqbal Dhaliwal
J-PAL Policy Group
Department of Economics, MIT

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Outline for The Next Two Sessions

• Generating rigorous evidence through impact evaluations is useful, but how can that evidence inform better policies?

• Lessons about taking evidence to policy from some of the 350+ evaluations in 50 countries over past 10 years

• Outline:
  How best to Generate High-Value Evidence:
  - Strategic Funding Process
  - Choosing the Right Evaluations

Scaling Up What Works:
  How Best to Use Evidence to Inform Policy
Outline for This Session

Can funding be made more strategic so as to fill gaps in our knowledge of important issues in governance?

- Strategic Funding Process
- GI Research Review
Strategic Funding to Fill Knowledge Gaps

• Yesterday focused on how best to evaluate the impact of an individual program. But an unanswered question:

   A proposal may look promising on its own, but how does it fit with the existing body of evidence?

• To get the most from your grant, rather than focusing on questions which have already been addressed in the literature, focus on proposals that build on our existing knowledge and help to connect the dots to create a fuller picture.
Governments around the world spend billions of dollars to provide basic services and development programs.

Many foundations and international aid organizations also channel their development dollars through government-run programs.

But the effectiveness of public spending in low income countries remains comprised by:

- Policies that do not reflect the needs or wishes of the people
- Corruption
- Inefficiencies in service delivery

**Step 1: Identify the Need**
Step 2: Identify the Gaps in Knowledge

- Start with an extensive literature review to document:
  1. Existing evidence on the drivers of good governance
  2. Areas where we still know very little

- Based on the existing gaps in the evidence, set priorities for future research
Step 3: Earmark Funding to Address these Gaps in Knowledge

Select evaluations for funding that:

- Build upon the learning from existing research so that the body of knowledge on governance is built in the most effective way possible
- Are policy relevant
- More about this in the last session of the day
Step 4: Policy Outreach

- A lot of effort needed to move from good evidence to policy change
- Plan ahead for results from evaluations to be disseminated through policy publications, networking and conferences (combination of researchers and dedicated policy outreach people)
- Identify and work with governments, NGOs, foundations, and international development organizations to incorporate evidence in their policies and scale up the programs found to be effective
Additional Benefits of Strategic Funding like Governance Initiative

• Continuity and regularity of the funding process leads to more research in governance
  • Researchers already working in governance are more likely to address priority questions
  • Additional researchers begin working in governance

• Pot of money earmarked for research projects that answer the priority questions facilitates evaluations that might otherwise find it difficult to get off the ground
  • Pilot studies
  • Off-cycle studies
Additional Benefits of Strategic Funding like Governance Initiative

- Peer review process improves proposed evaluations by providing feedback.

- Subsequent rounds of funding complement previous funding of research gaps rather than duplicate.

- GI specific advantages:
  - Proposals funded by GI can run their projects via JPAL/IPA.
  - J-PAL's dedicated policy group works to disseminate the results from GI funded evaluations.
J-PAL’s Governance Initiative (GI)

Inform policy and/or facilitate scale-up of successful programs

Policy dissemination:
- Academic publications
- Policy publications
- Conferences
- Networking/outreach

Governance Review Paper

RFP based on research & policy priorities identified in the review paper

Peer review of proposals completed by:
- Researchers
- Policymakers

Evaluation proposals funded and implemented

Policy Priorities

Research Gaps & Interests
Outline for This Session

Can funding be made more strategic so as to fill gaps in our knowledge of important issues in governance?

- Strategic Funding Process
- GI Research Review
Methodology of GI Review Paper

• Reviewed published and working papers that provide empirical evidence on the causes and consequences of poor governance in low-income countries based on a well-defined identification strategy
  – Both RCTs and non-RCTs
• Identified gaps in the literature and open research questions
• Set priorities for future research to help fill these gaps

www.povertyactionlab.org/GI/reviewpaper
Two Broad Areas for Research Identified by GI

• Political Participation
  Q1. What is the impact of citizen participation?
  Q2. What determines the extent of citizen participation?

• Leakages (Corruption & Service Delivery Inefficiencies)
  Q3. How much leakage is there, really?
  Q4. Do leakages matter?
  Q5. How can leakages be minimized?
Key Q1: What is the Impact of Citizen Participation?

Democratic governance presumes that citizen participation leads to policies better aligned with citizens’ preferences and better outcomes for citizens. But what is the evidence?

- **Participation as voters**
  - Political decentralization increases participation and results in policies better aligned with citizen preferences
  - But less effective when there is substantial heterogeneity within the population
**Key Q1: What is the Impact of Citizen Participation?**

- **Participation as leaders**
  - Leader identity influences policy decisions
  - Quotas can also change voters’ willingness to elect candidates from under-represented groups

- **Participation as community members**
  - Evidence on the effectiveness of community monitoring is mixed
  - Completely ineffective for education in India and effective only under some circumstances in Indonesia but very effective in health centers in Uganda
  - Details about the design and context matter
Example: Impact of Gender Quotas in India

- More equitable and less corrupt public goods provision
  - Women leaders’ public investments better reflected women’s preferences
    - In West Bengal, where women complained more often about drinking water and roads, more investment in drinking water and roads in villages reserved for women
  - Women leaders appear to be less corrupt than men – individuals in reserved villages 7-9% less likely to have paid bribe to get BPL card or water connection
Example: Impact of Gender Quotas in India

- Increased empowerment of women in political process
  - Women more likely to participate in discussions at local village meetings when leader position was reserved
  - Significantly improves women’s electoral prospects, even after the quota is removed
    - In Mumbai, probability woman wins election is 5x higher in constituencies previously reserved
  - Changed negative perceptions about women’s leadership abilities, and weakened stereotypes about gender roles in public and domestic spheres
**Example: Impact of Gender Quotas in India**

- Increased empowerment of women in society
  - Female leaders serve as role models for future generations
    - Significantly increased parents’ aspirations for daughters and girls’ aspirations for themselves
  - Presence of female leader increased educational attainment for adolescent girls and decreased the amount of they spent on domestic chores
    - In twice-reserved villages, gender gap in school participation was completely erased
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Example: Community Monitoring in Uganda

- Bjorkman and Svensson evaluated impact of community monitoring on health worker performance and subsequent health care utilization and health outcomes
- Information on quality of services at local and nearby health centers compiled into report cards
- Local NGO facilitated 3 meetings with community members and service providers
- Produced shared action plan outlining what needs to be done, how, when, and by whom
Example: Community Monitoring in Uganda

• 1 year after meetings, treatment communities more involved in monitoring provider and health workers exerted more effort

• Large increases in utilization – 20% for general outpatient services, 58% for child birth deliveries

• Significant improvements in health outcomes – 33% reduction in under-5 mortality
Areas for Future Research: What is the Impact of Citizen Participation?

1. Does political decentralization lead to any changes in the nature of citizen participation, electoral accountability, or final policy outcomes?

2. How do selection procedures influence leaders’ policy preferences and decision making?

3. Are some programs and policies more amenable to community monitoring than others?

4. Are attitudes towards leaders influenced by performance information?
Key Q2: What Determines the Extent of Citizen Participation?

*Weak institutions, demographic factors, and limited information flows can constrain possible positive impacts of participation. But what is the evidence?*

- **Electoral malpractice and entry barriers**
  - Undermines voter participation
  - Leads to reduction in the quality of elected officials and disconnection between voters and politician’s preferences
  - Little evidence on how to ameliorate these problems
Key Q2: What Determines the Extent of Citizen Participation?

- **Effect of demography**
  - Ethnic diversity is negatively related to investment at community level
  - Gender and education also influences political participation and politician selection

- **Effect of information**
  - Providing information on politician performance and qualifications increases voter participation and electoral accountability
  - Evidence on the impact of provision of information about importance of voting is mixed, but suggests message content is important
Areas for Future Research: What Determines the Extent of Citizen Participation?

1. How do parties and other political actors respond to greater information disclosure?

2. How should disclosure laws be structured?

3. **Does the form of information provision influence voter responsiveness?**
Example: Improving Political Accountability in Sierra Leone

- Accountability benefits of voting compromised when citizens have little information about performance of politicians

- Kelly Bidwell, Katherine Casey, Rachel Glennerster evaluating whether hosting debates between candidates relaxes reliance on ethnic-party ties, increasing political competition
Example: Improving Political Accountability in Sierra Leone

- 5 treatment arms:
  
i. Recording of debate screened in polling center
  
ii. Recording of debate delivered to an individual (tablet)
  
iii. “Getting to know you” video of two candidates speaking informally about their hobbies and interests (tablet)
  
iv. Recording of a moderator or journalist summarizing the main policy positions of the two candidates (audio)
  
v. Respondent exposed to pairs of images, voice recordings, and names of candidates from other constituencies and asked to rate them along a variety of metrics, e.g. who do you think would make a better leader? (audio & video)
**Example: Improving Political Accountability in Sierra Leone**

- Aim to disentangle 4 components of the debate that might impact voting behavior:
  
  i. Objective information such as candidates’ policy platforms and past experience
  
  ii. Less tangible indicators of candidate capacity such as interpersonal and persuasion skills
  
  iii. Superficial information about candidates such as good looks and wealth
  
  iv. Social mobilization effect of the community gathering together to discuss politics
Anecdotal evidence suggests corruption and leakages are widespread in the developing world. But remarkably few reliable estimates.

- New approaches to measure corruption:
  i. Surveys of bribe payments
  ii. Estimates from market inference
  iii. Comparisons of reported vs. actual expenditures or inputs
Example: Measuring Corruption in Rice Subsidy Program

- Ben Olken compared:
  - Administrative records on amount of subsidized rice allocated to particular villages in Indonesia
  - Household surveys that asked whether villages actually received the rice
- At least 18% of rice disappeared between government warehouses and recipient households
Example: Measuring Corruption in Rice Subsidy Program

- Missing rice was concentrated in small number of areas
  - Ethnically fragmented areas and sparsely populated areas (where monitoring is more difficult) more likely to be missing rice
- Leakages were large enough to offset potential welfare gains from program
Key Question 3: How Much Leakage is There, Really?

- Evidence on magnitudes of corruption
  - Strong negative relationship between income and corruption, but difficult to establish causality
  - High heterogeneity in corruption levels among countries at similar income levels and within countries
  - Example of leakages and corruption in different sectors: 87% in Uganda, 24% in Indonesia, 14% in Mozambique
Areas for Future Research: How Much Leakage is There, Really?

1. Why does corruption appear lower in richer countries?
2. What prevents corrupt official from extracting even larger amounts?
3. Are some government functions or programs more susceptible to leakages and why?
Key Q4: Do Leakages Matter?

Corruption may simply represent a transfer of money, not necessarily a distortion. Empirical evidence suggests otherwise.

• **Impact on firms**
  
  • In Uganda, bribes may have as much as three times more negative impact on firms’ growth than taxes
  
  • Corruption in Mozambique resulted in inefficient decisions as firms changed their production choices to avoid areas or activities with high corruption
Key Q4: Do Leakages Matter?

- Impact on public good and services
  - Corruption increased cost of providing goods and services leading to lower quality
  - Absenteeism impacts student performance

- Impact of correcting externalities
  - Corruption diminishes the threat of punishment or the incentive to obey the law:
    - Corruption led to overloaded trucks in Indonesia
    - In India, many people who were completely unable to drive were able to obtain a license by paying bribes
Areas for Future Research: Do Leakages Matter?

1. Does corruption cause governments to re-optimize expenditures?

2. If so, do governments shift into lower corruption sectors (to avoid distortions) or higher corruption sectors (to maximize rents)?

3. How do the bribes people have to pay to police, law enforcement, etc. depend on the official penalty functions?

4. Given this knowledge, how can the government design the official law to best achieve its desired ends in the presence of corruption?
Key Q5: How Can Leakages be Minimized?

Understanding the determinants of leakages and their relative impact is essential to devising policies to minimize the problem

- Civil Servant Incentives and the Structure of Bureaucracy
  - Monitoring (government audits) shown in a small number of studies to be effective at reducing corruption
  - But evidence from community monitoring is mixed
  - Combining monitoring with explicit monetary incentives could be effective in reducing leakages but caution is in order
Key Q5: How Can Leakages be Minimized?

- **Technologies** for monitoring purpose are only as effective as the systems which process their information

- **Transparency and information** on politicians’ performance and what people are entitled to enable citizens to do a better job at monitoring performance

- **Anti-corruption in the long run**
  - Evidence that long-run impacts could be quite different
    - It could take corrupt officials time to learn how to manipulate a new system
    - Or a new, less corrupt group of civil servants may gradually select into a less corrupt system
Areas for Future Research: How Can Leakages be Minimized?

1. Do higher wages reduce leakages?

2. Can changing the structure of the bureaucracy to encourage competition between government officials lower bribes?

3. What types of information are more effective in reducing leakages?

4. How can clean governance and anti-corruption values be made intrinsic among civil servants?

5. Can using technology as a monitoring tool reduce corruption?
Example: Using Technology to Reduce Leakages in India

• Healthcare workers in India are absent 43% of the time they should be at work

• Iqbal Dhaliwal and Rema Hanna evaluated whether incentives linked with monitoring can increase health worker attendance in government clinics in Karnataka
  – Record attendance of health staff via thumb impressions
  – Mobile phones paired with the biometric devices to transmit attendance in real time
Example: Using Technology to Reduce Leakages in India

- Two primary types of incentives involved
  - Negative incentives including leave time deduction, a reprimand letter, and even suspension from service for an unauthorized absence
  - Easier to enforce with real-time information gathering and better tracking
  - Positive incentives, including financial and non-financial awards for best attendance within each district
**Example:** Using Technology to Reduce Leakages in India

- Preliminary findings suggest modest effect on staff attendance for various positions in health centers, but no impact on doctors’ attendance
- Positive impact on punctuality of all staff
- But reduction in impact over time as enforcement weakened due to transfer of key government officials

*Figure 3: Difference in Treatment and Control Group, by Survey Round*