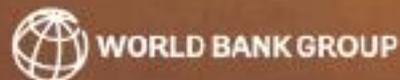


# Making Politics Work for Development

HARNESSING TRANSPARENCY  
AND CITIZEN ENGAGEMENT



# The Problem of Politics: a story

- Once upon a time, the city of Kanpur was regarded as the Manchester of the East.
- Now it is without electricity and industry (<http://www.powerless-film.com/>)



# The protagonists: the citizen

- Stealing electricity from the state is the norm



# the public official

- The reforming public official (head of the state electricity company) is transferred
- Frontline service providers are alleged to collude in theft from the state



A woman and a bureaucrat so full of pride.

# the politician

- Won the election by fighting the reforms
- Allegations of criminality and violence



# The Problem of Politics Tackled in the PRR



## *Government failure*

Governments fail to provide public goods when leaders knowingly and deliberately ignore sound technical evidence or are unable to implement good policies

--Adverse political incentives

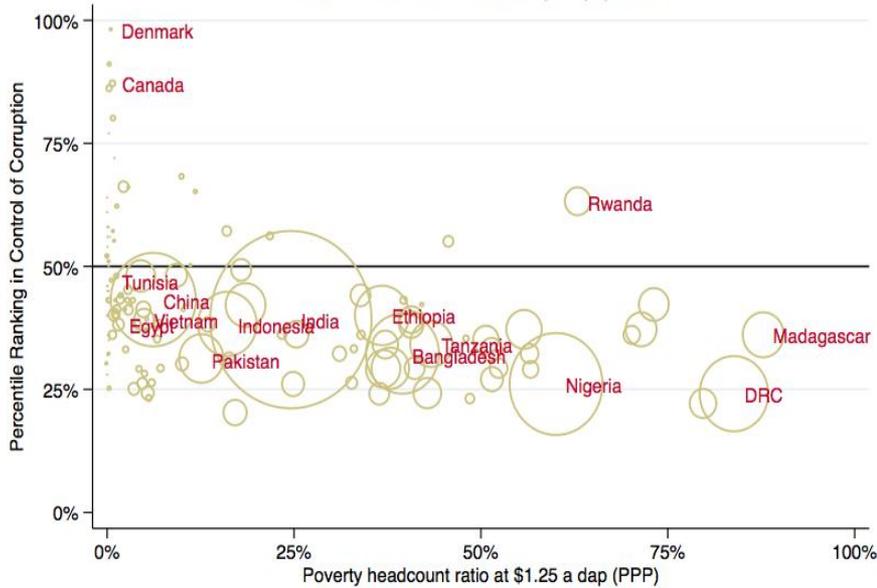
--Perverse behavioral norms in the public sector

# Government Failure

## Persistent corruption

2013 Control of Corruption vs. Recent Poverty Estimate

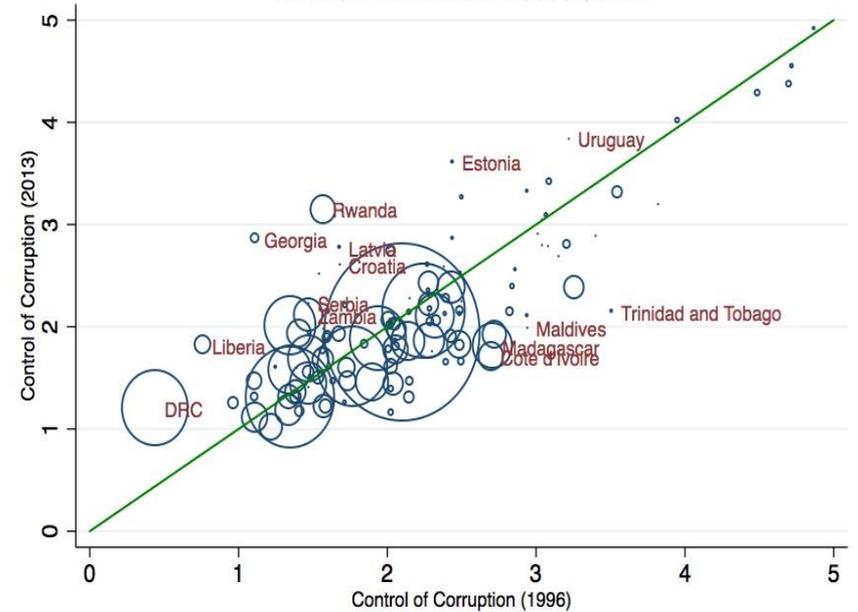
Circles reflect size of countries' poor population



Source: PovcalNet, an online tool for poverty measurement developed by the Development Research Group of the World Bank.

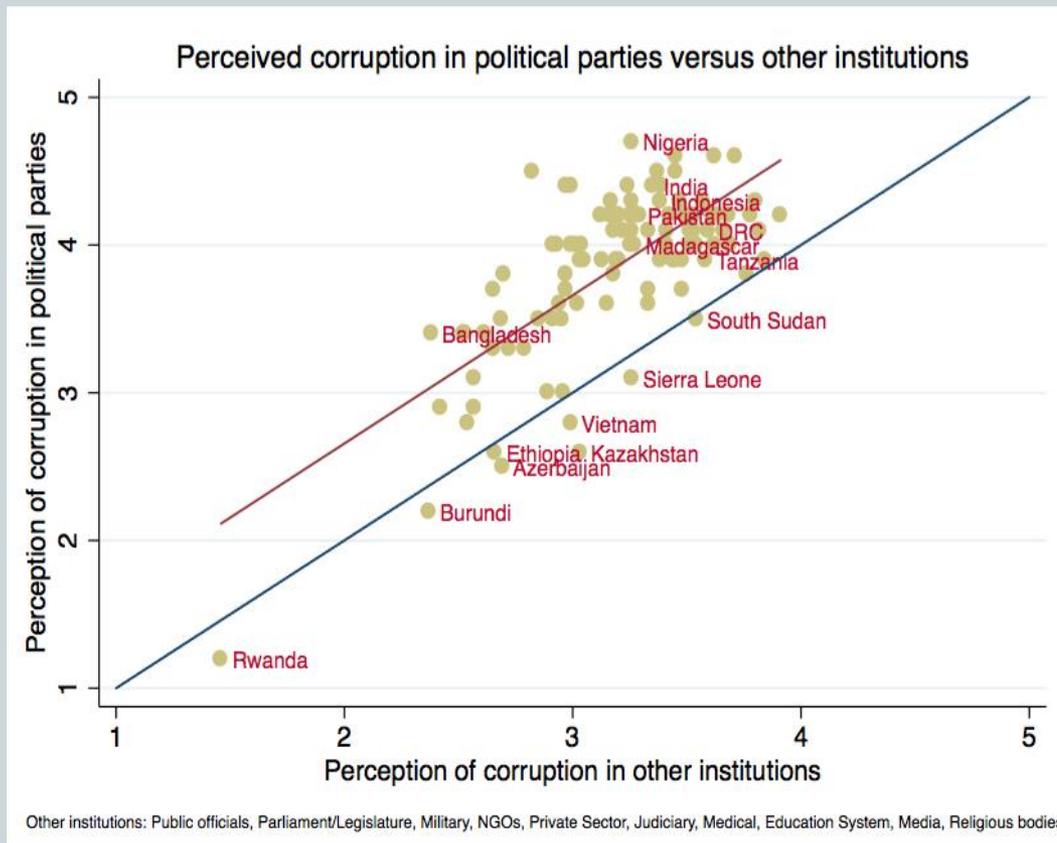
Control of Corruption Trends

Circles reflect size of countries' poor population



# Government Failure

## Corruption in political parties and among leaders



### Examples:

- Bribe payments by the head of Peru's interior police under Fujimori to weaken the parliament, judiciary, media (McMillan and Zoido, 2004)
- “Culture of corruption”—rational beliefs about how others are behaving in the public sector, and the likelihood of getting caught and punished

# Government Failure



## **Beyond corruption and accountability: Ideological beliefs among citizens in both poor *and* rich countries**

- Example: *whac-a-mole* problem of reforming energy subsidies
- Ideological beliefs and “motivated reasoning” about appropriate public policies can lead to resistance of technical evidence
  - (Kahan et al, 2011; Kahan, 2012)
- Limitations to cognitive capacity to understand the “equilibrium” consequences of policies that confer short-term benefits
  - (Sunstein, 2007; Dal Bó, Dal Bó, and Eyster, 2013)

# Government Failure



## **Beyond corruption and accountability: Distributive conflict among citizens in both poor *and* rich countries**

- Citizens can organize to pursue their special interests at the expense of the greater public good

--(Grossman and Helpman, 2001; Bardhan and Mookherjee, 2000)

- Distributive conflict can allow leaders to further polarize citizens and build ideological constituencies rather than seek common ground to address shared problems

-- (Sunstein, 2009; Bishop, 2008)

# What the PRR is about:

## Harnessing two forces to address government failures



### Political Engagement

- Citizen participation in selecting and sanctioning the leaders who wield power in government, including by entering themselves as contenders for leadership
- *Political engagement happens in every institutional context, in different ways (not about democracies versus autocracies)*

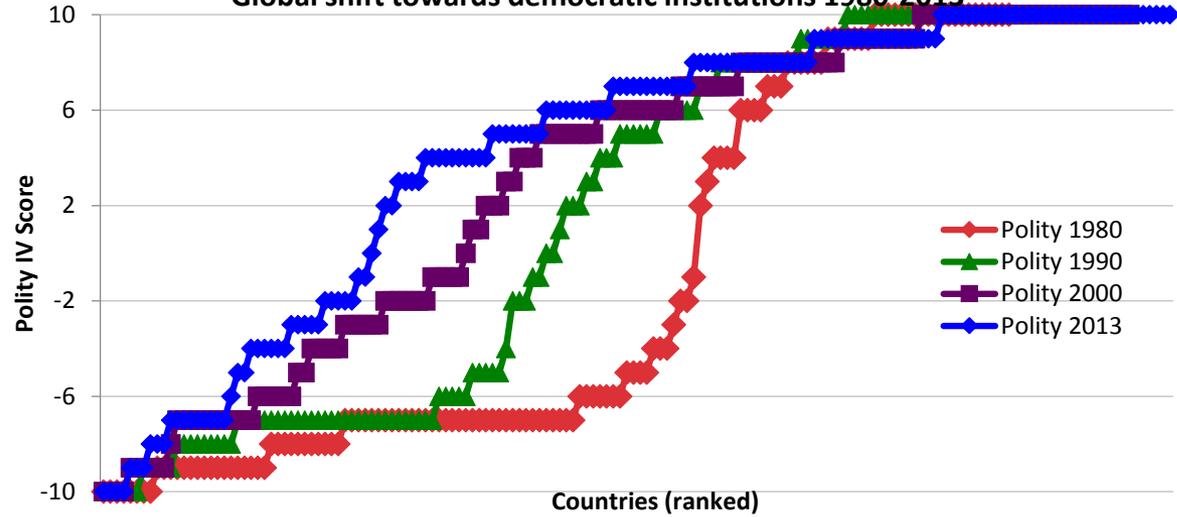
### Transparency

- Citizen access to publicly available information about the actions of those in government, and the consequences of these actions
  - *Information generated by diverse actors: public disclosure, mass media, investigative journalism, civil society, researchers*
  - *Broadcast and communicated through new technologies*

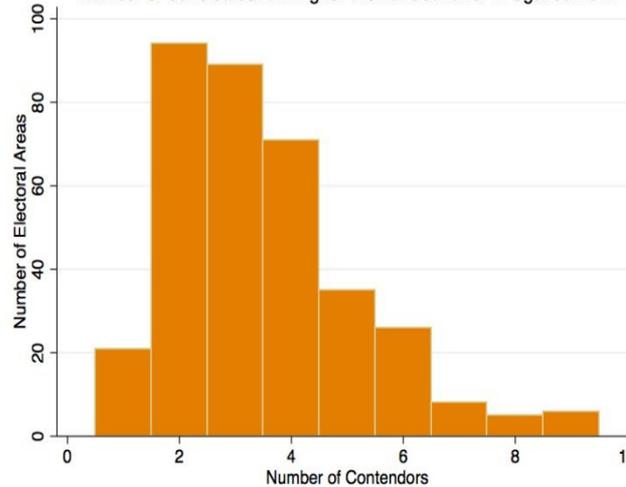
# Political Engagement

Space for citizens to participate as voters and contenders has expanded

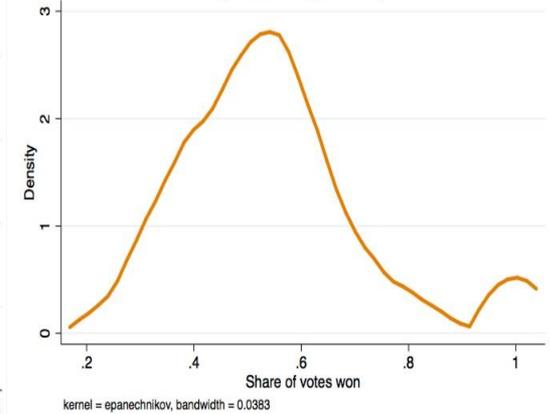
Global shift towards democratic institutions 1980-2013



Number of Candidates running for District Councillor in Uganda 2011



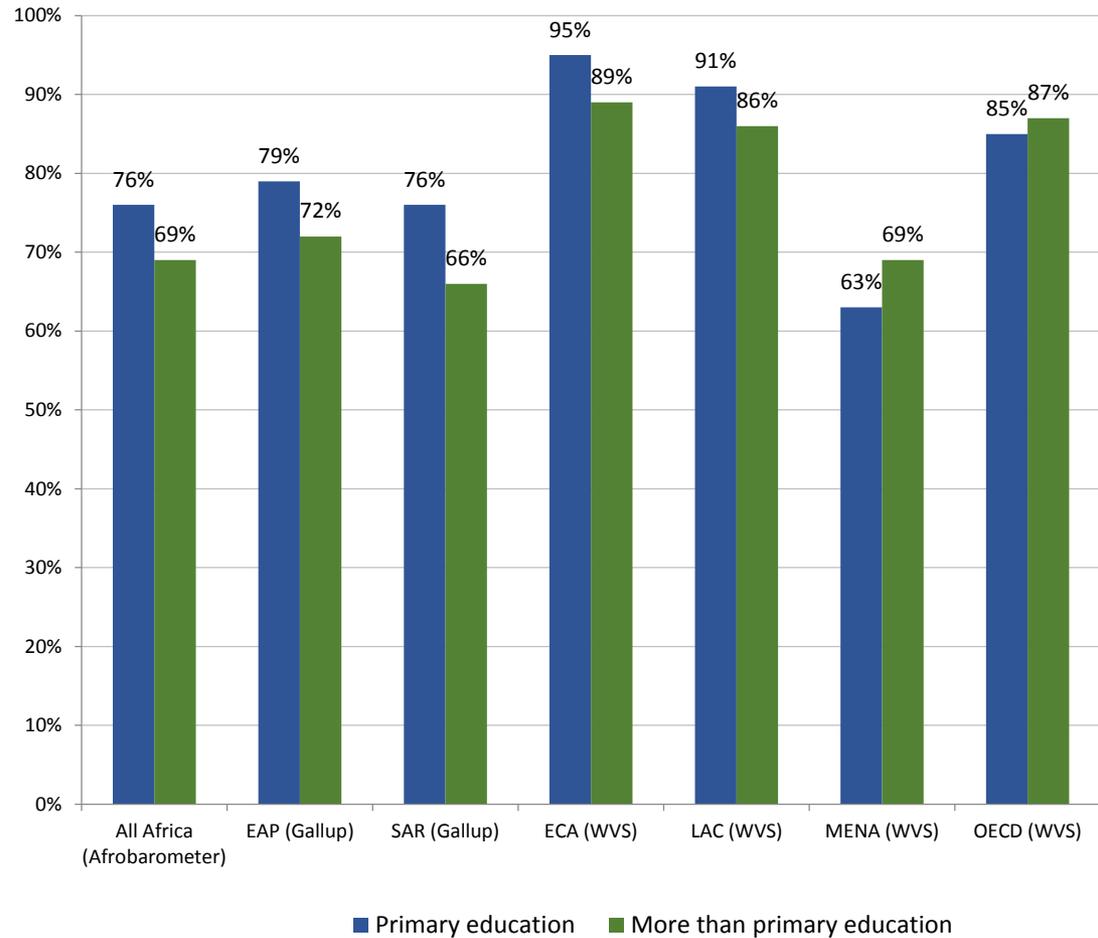
Share of votes of winner for District Councillor, Uganda 2011 (Kernel density estimate)



# Political Engagement

Poor citizens report voting in large numbers

Self-Reported Voter Turnout Rates in National Elections by Education and Region

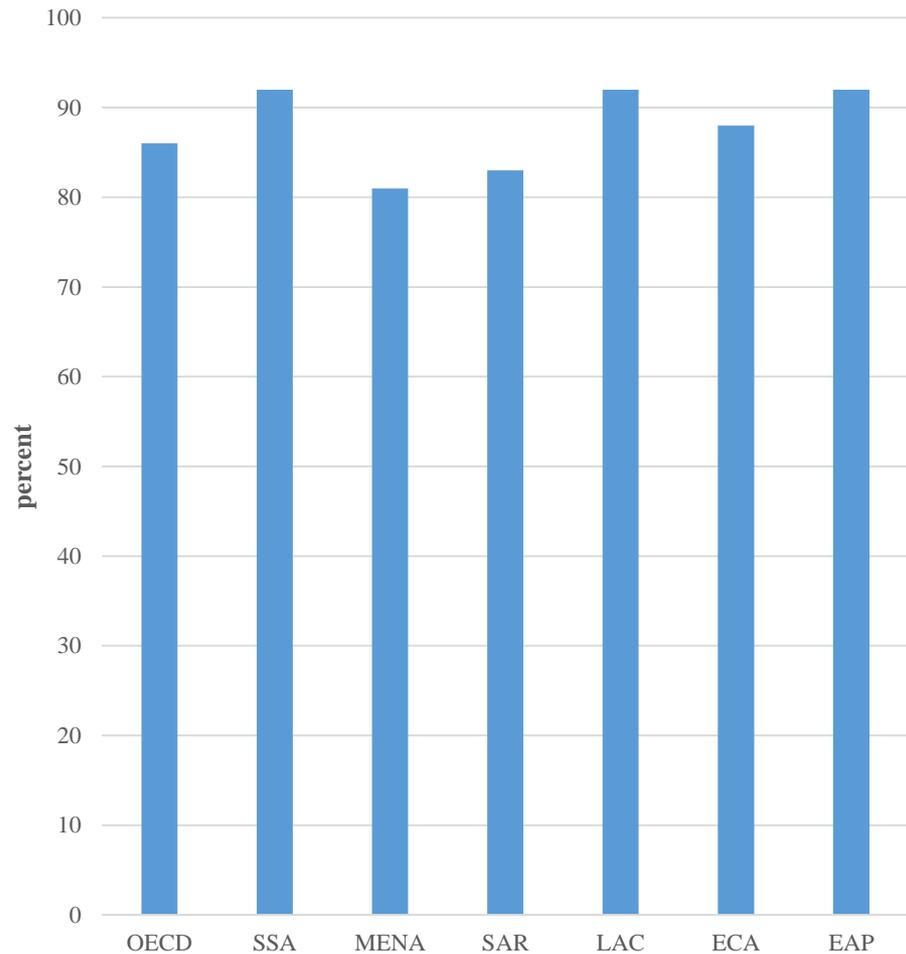




# Political Engagement

Citizens feel that their vote matters

Percentage of respondents who answer that having honest elections is “very” or “rather” important for whether their country develops economically:

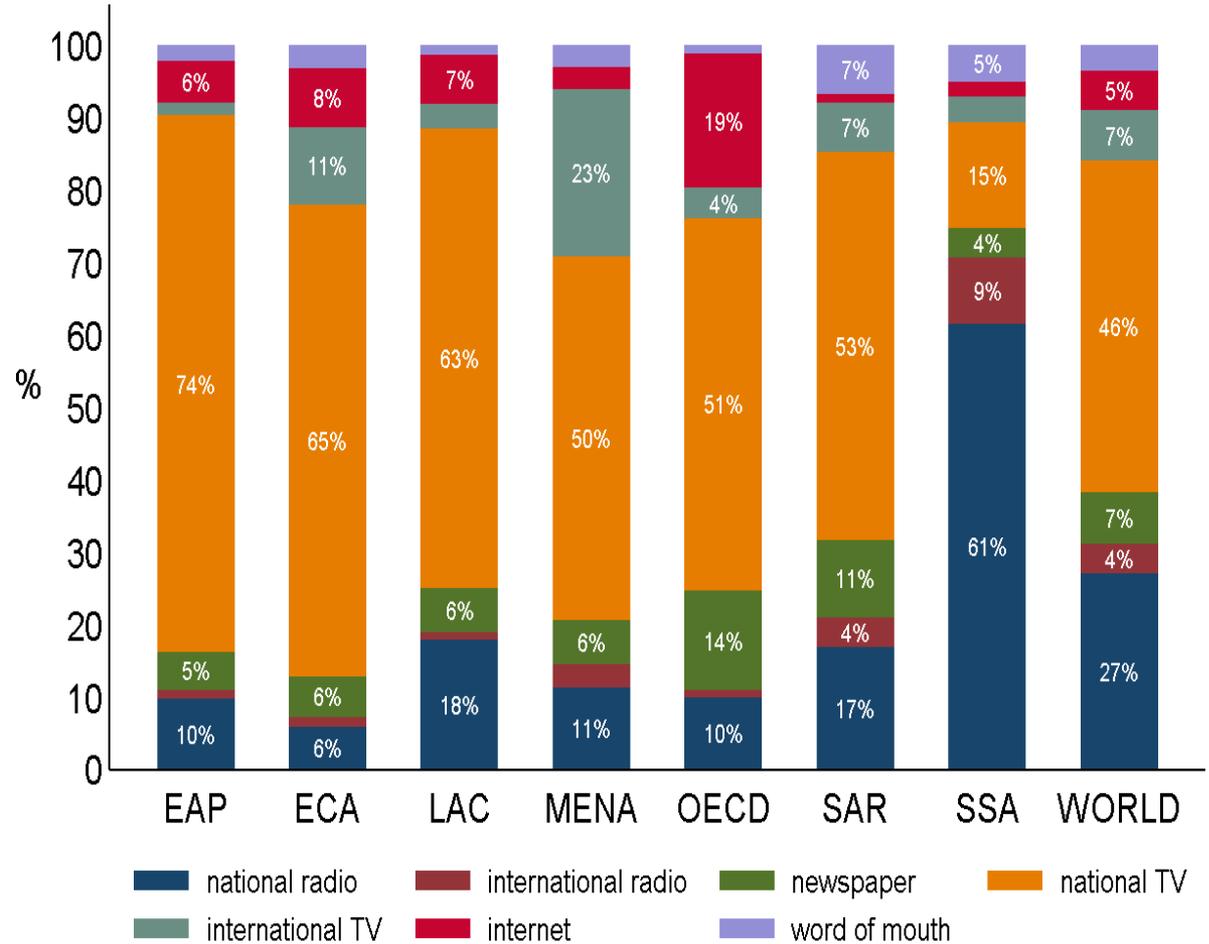


World Values Survey, 2010-2014

# Transparency

Citizens use multiple media to access information

Most important source for keeping you well-informed about events in this country

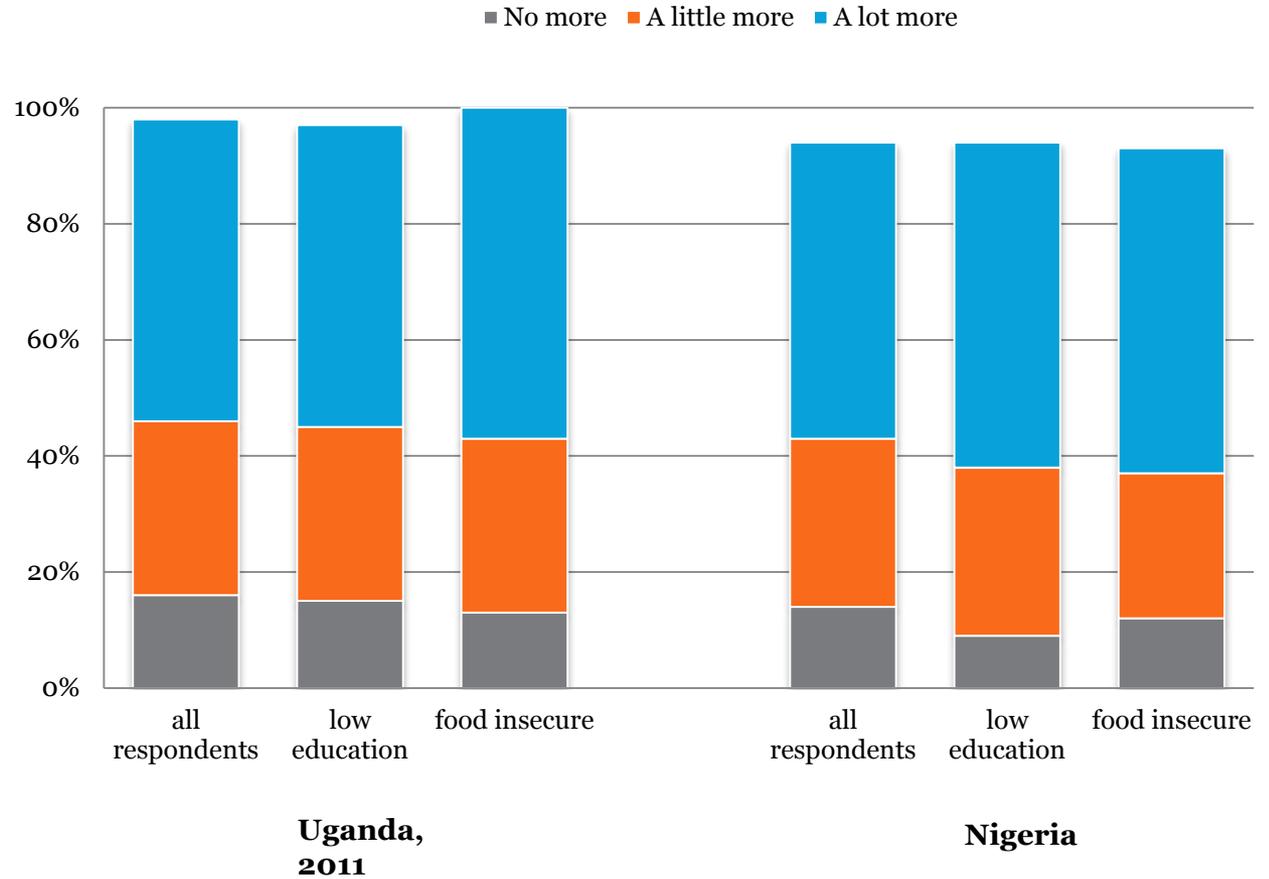


Source: Gallup World Poll

# Transparency

Citizens want information to decide how to vote

In order to decide how to vote in the upcoming elections, how much more information would you like to have?



# Spread of Right to Information Laws

Before 2000

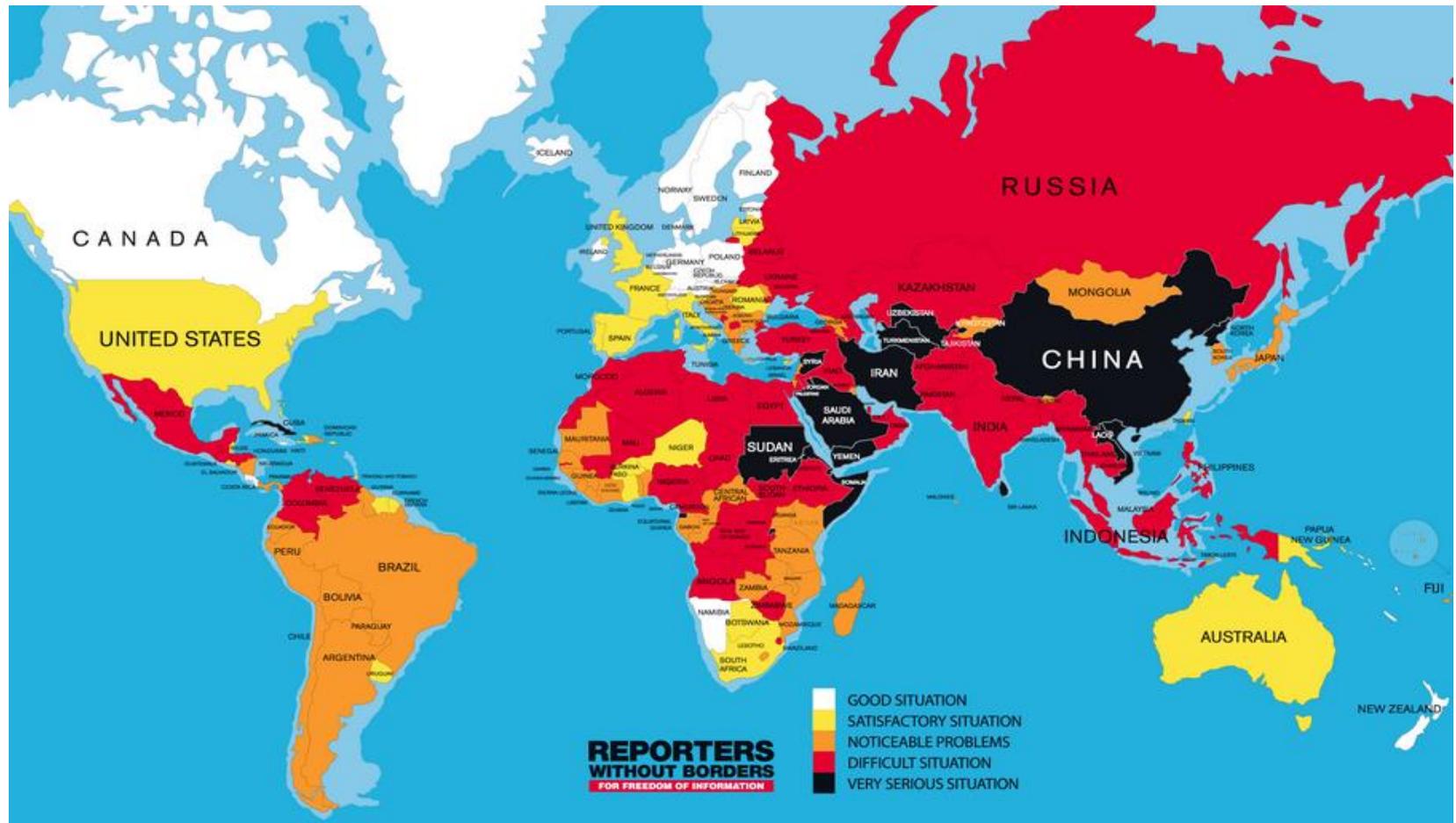


2014

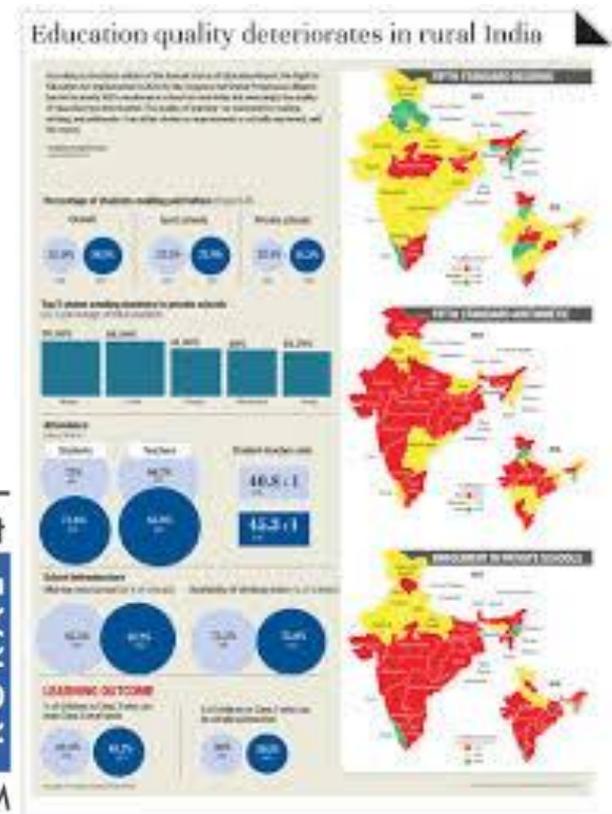




# Surprising variation in free press across the globe



# Civil society and international development partners generate information



# Political Engagement



- How citizens participate in selecting and sanctioning the leaders who wield power in government, including by entering themselves as contenders for leadership
- *It happens in every institutional context, in different ways (not about democracies versus autocracies)*
- *Research on impact of “greater” political engagement primarily examines difference between: participation diffused across many citizens acting as individual voters, vs. participation concentrated among organized elites*
- *Diffused participation by non-elite citizens can happen in informal ways, not just through electoral institutions (protests, revolutions, and the threat thereof) (Acemoglu and Robinson, 2000)*
- *De jure versus de facto distribution of power within formal political institutions (Acemoglu and Robinson, 2006; Besley and Kudamatsu, 2008)*

# Message 1



- Government failures are a consequence of “unhealthy” political engagement: when leaders are selected and sanctioned on the basis of providing private benefits rather than public goods

*--examples of unhealthy PE in both diffused and concentrated forms of participation*

*The best way out is always through*

--Robert Frost

# Message 2



- Solutions to government failures lie in fostering “healthy” political engagement, within different institutional contexts

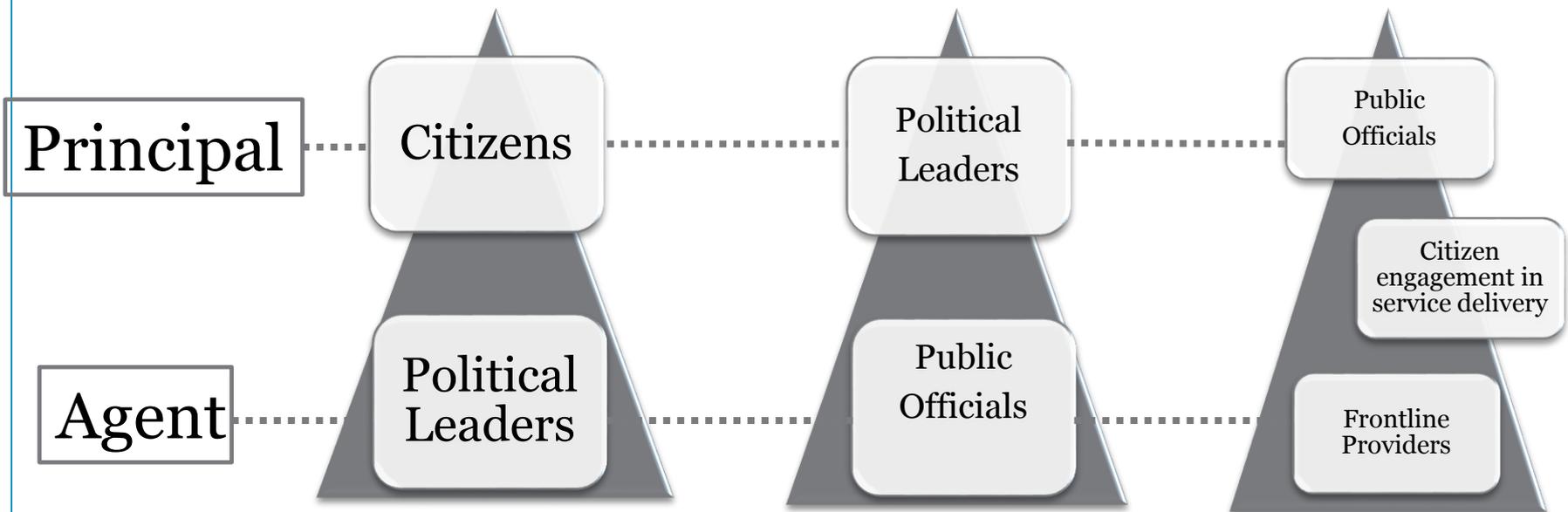
Mechanisms through which political engagement can improve outcomes:

1. Strengthening incentives, holding leaders accountable
2. Selecting better quality leaders
3. Promoting legitimacy, cooperative or “civic” behavioral norms in the public sector

# Political Engagement Casts a Long Shadow



**Shapes incentives and behavioral norms of public officials, frontline providers and citizens, going beyond political leaders**

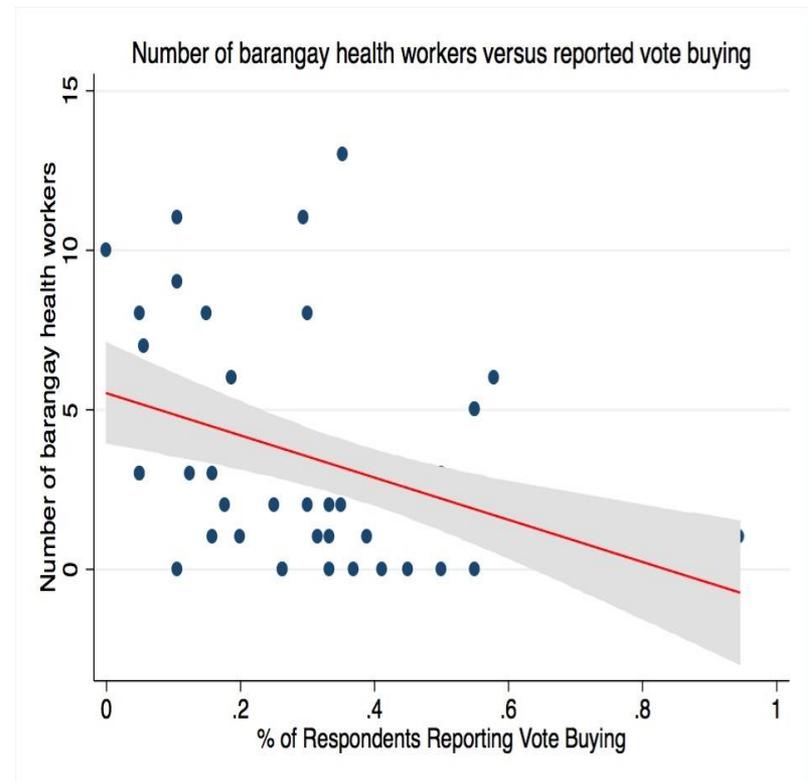
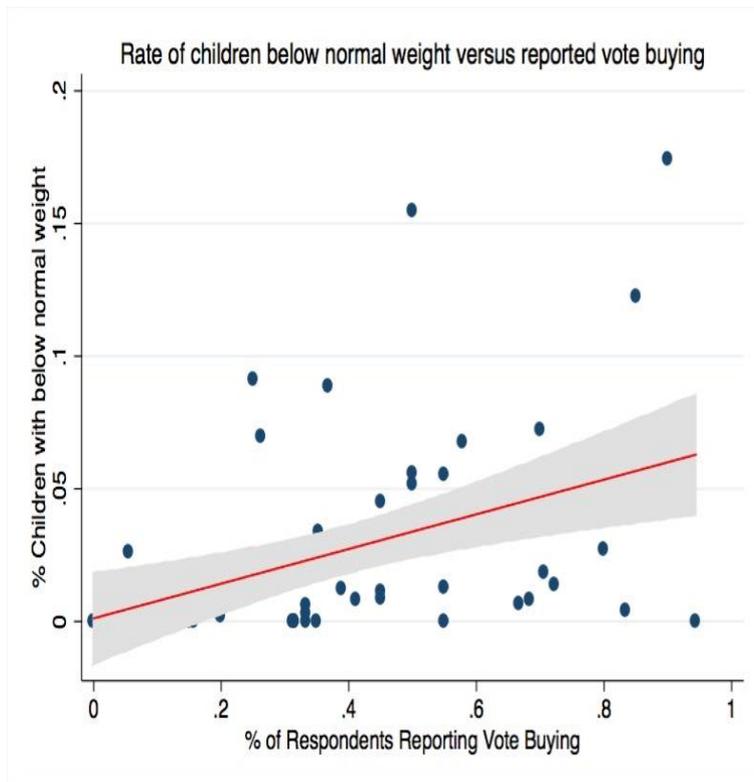


# For example: long shadow of unhealthy PE



- Doctors with connections to political leaders are more likely to be absent from public health clinics, and the public officials who manage these doctors are more likely to report political interference when trying to apply sanctions (Callen et al, 2014)
- Effect of using innovative technologies—smartphones, time stamp machines, biometric scanning devices—to monitor attendance depends upon political incentives
  - Only effective in competitive political constituencies (Callen et al, 2014)
  - Sabotaged by health workers and reforms reversed—no “political will” (Banerjee, Duflo and Glennerster, 2008)
  - Not effectively implemented, and may have displaced corruption to other forms (Dhaliwal and Hanna, 2014)

# Eg: While vote-buying is associated with worse health outcomes...

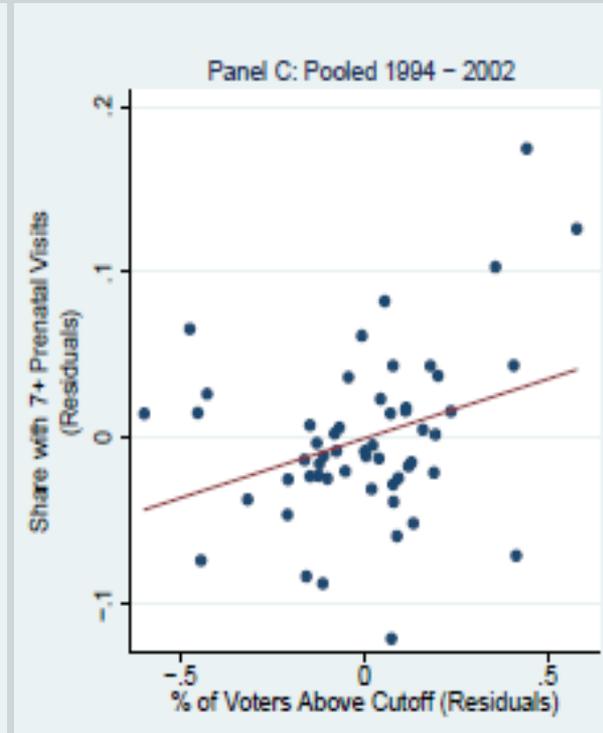
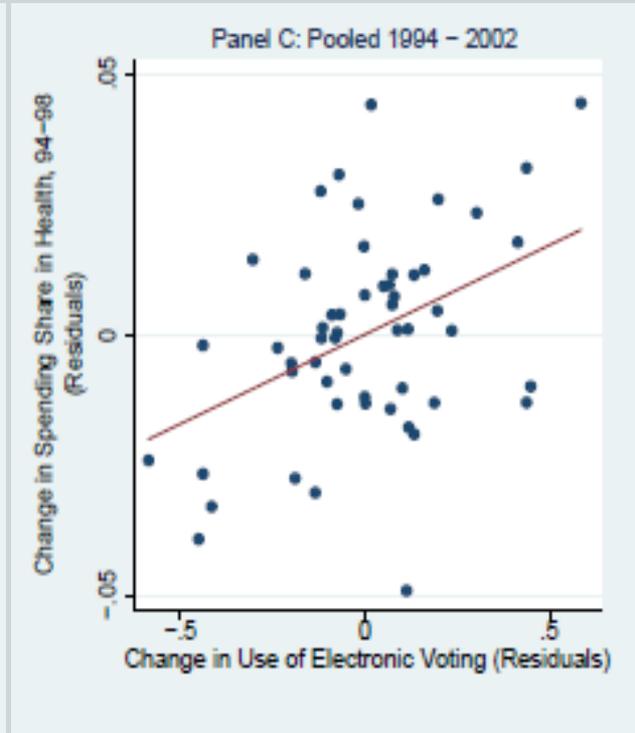
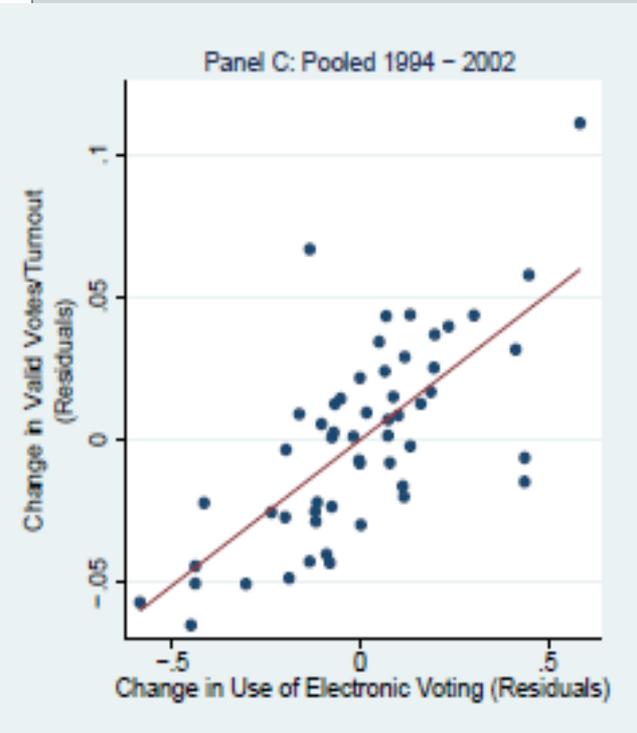


(Khemani, 2015)

# Vote Buying Negatively Associated with Service Delivery in Afrobarometer Round 5 Countries

		Dependent Variable	
	Percent of respondents reporting having experienced vote buying	No problems reported in Public Schools	No problems reported in Public Health Clinics
<b>Ghana</b>	7.00%	-0.177***	-0.164***
		-0.0423	-0.0385
<b>Kenya</b>	33.40%	-0.0418**	-0.0722***
		-0.0177	-0.0126
<b>Mozambique</b>	5.90%	-0.136***	-0.0761***
		-0.0261	-0.0275
<b>Nigeria</b>	20.30%	-0.116***	-0.109***
		-0.0295	-0.0252
<b>South Africa</b>	4.60%	-0.335***	-0.125***
		-0.0447	-0.0391
<b>Uganda</b>	41.40%	-0.0470***	-0.0407***
		-0.0125	-0.0101
<b>Vote buying (all Afrobarometer countries)</b>		-0.0747***	-0.0614***
		-0.00571	-0.00475

# ...Effective enfranchisement of poor citizens leads to better health outcomes



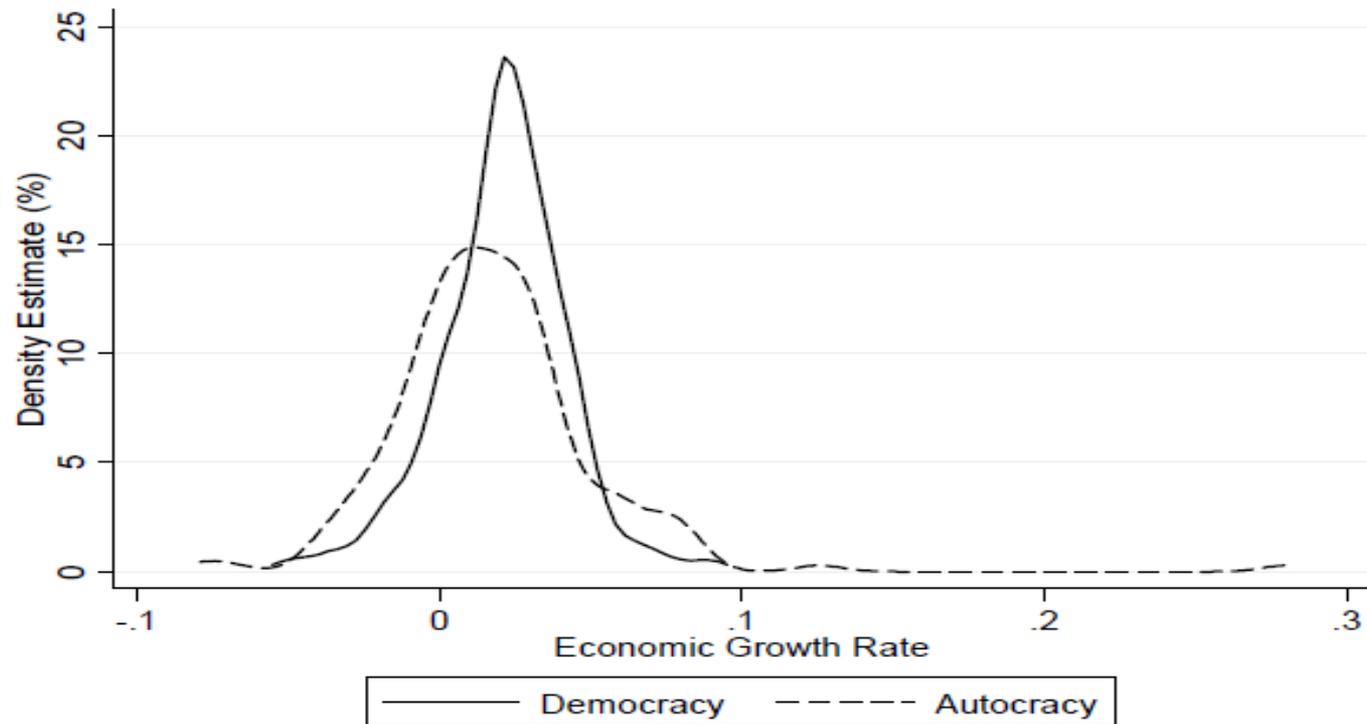
(Fujiwara, 2015)

# Political capture of civil society, and uncivil groups



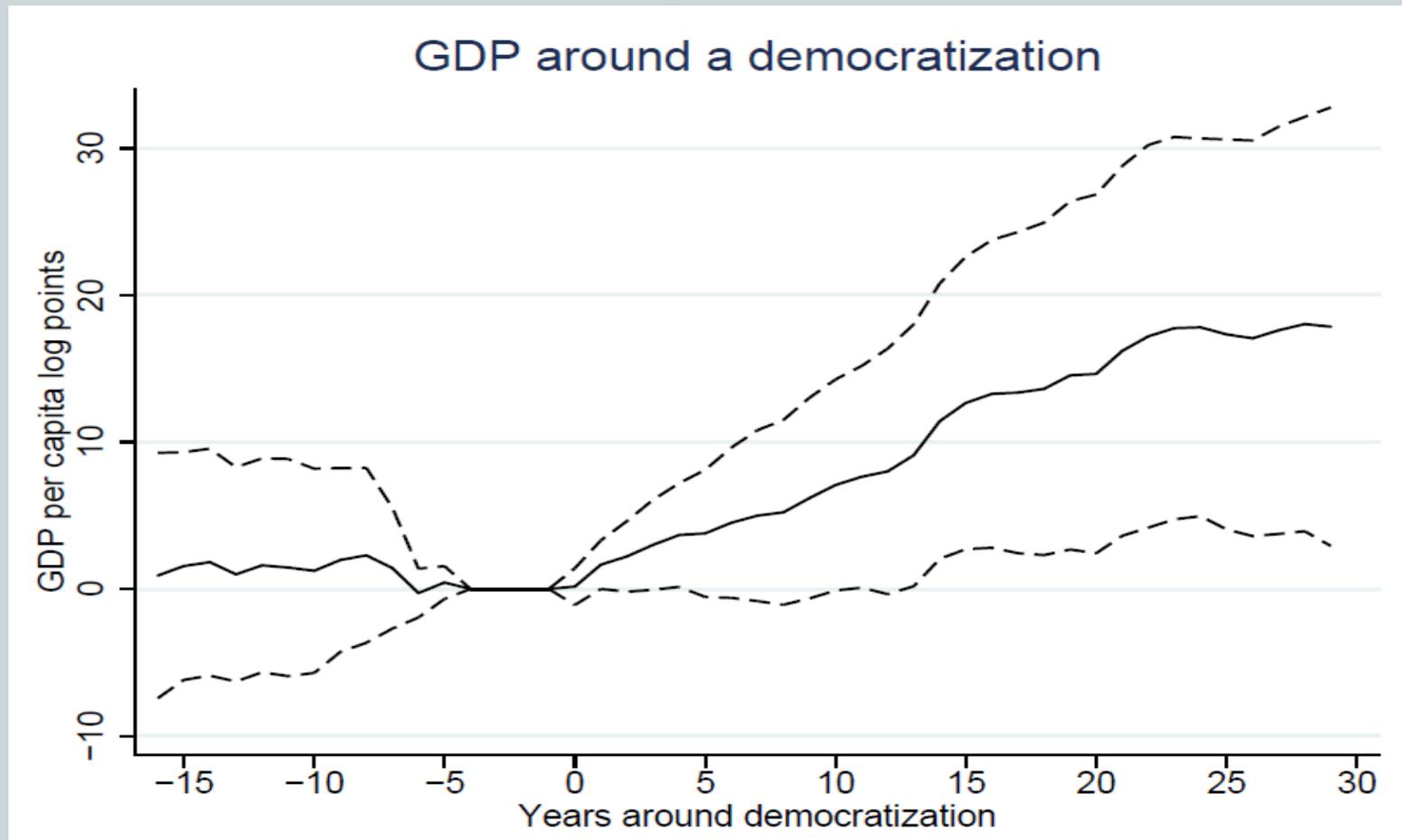
- Leaders in Sierra Leone, who face lower political engagement (less competition), can coerce citizens to take-on the burden of delivering public goods, letting leaders “off the hook” (Acemoglu, Reed and Robinson, 2014)
  - citizens increase communal labor (road brushing, a form of local collective action), but have worse health and education outcomes
- Denser networks of clubs and societies associated with more rapid rise of the Nazi party in Germany (Satyanath, Voigtlaender and Voth, 2013)
- Organized crime groups in Italy (Daniele and Geys, 2015) and elite control over coercive state institutions in the history of the U.S. South (Acemoglu and Robinson, 2006) lower the quality of local leaders and the public policies they select

# Growth in autocracies vs. democracies (Besley and Kudamatsu, 2008)



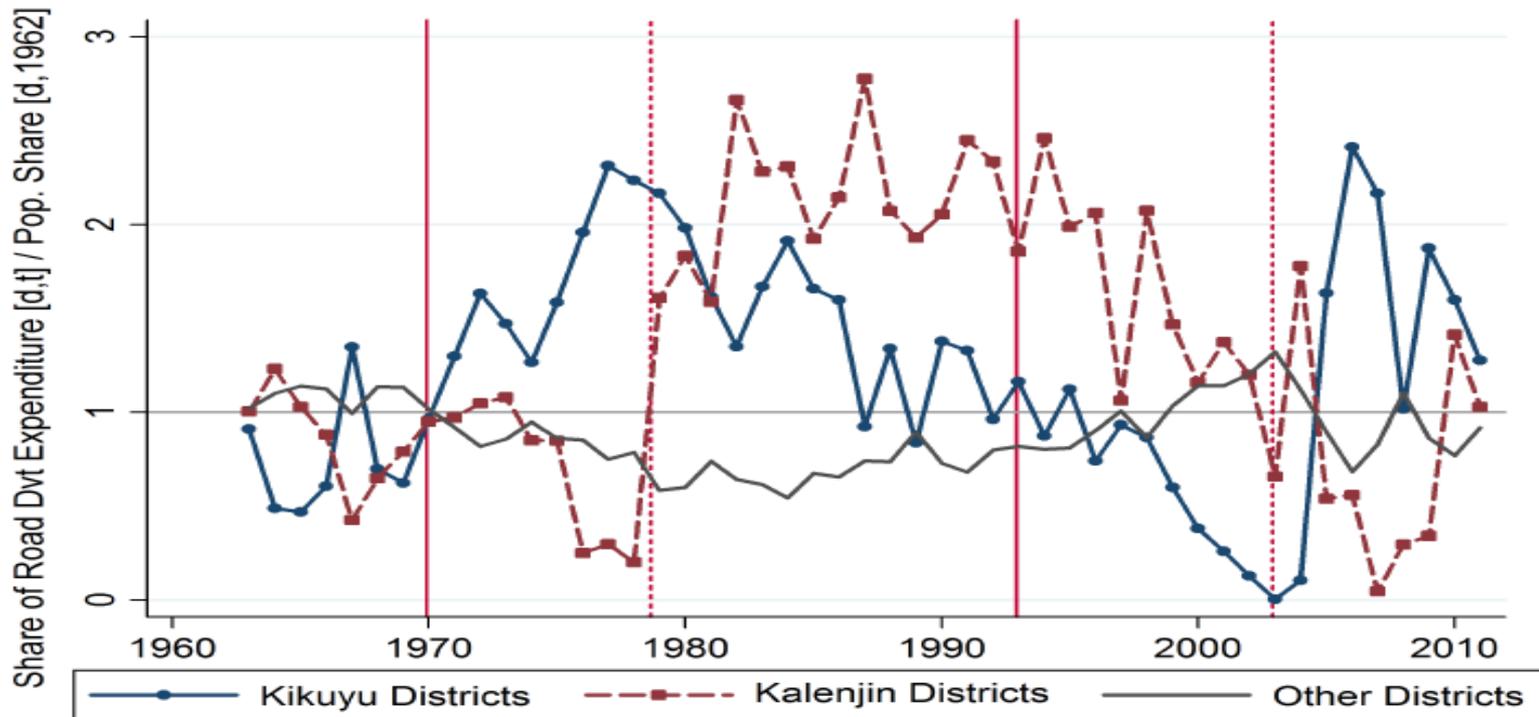
**Figure 1: Economic Growth Distributions among Democracies and Autocracies**

# Democratization and long-run growth (Acemoglu et al, 2013)



# Reductions in ethnic distortions under democratic institutions, Kenya (Burgess et al, 2015)

Figure 5: Road Expenditure in Kikuyu, Kalenjin and Other Ethnic Districts, 1963-2011



**KENYATTA**  
*Kikuyu*  
 Democracy

**KENYATTA**  
*Kikuyu*  
 Autocracy

**MOI**  
*Kalenjin*  
 Autocracy

**MOI**  
*Kalenjin*  
 Democracy

**KIBAKI**  
*Kikuyu*  
 Democracy

1963

1969

1970

1978

1979

1992

1993

2002

2003

2011

# Research on mechanisms of healthy PE



## 1. Incentives and Accountability

- Corruption is lower, and service delivery performance is better when leaders face re-election incentives (Ferraz and Finan, 2011; deJanvry et al, 2012)
- Health outcomes are better when more voters are effectively enfranchised (Fujiwara, 2015; Khemani, 2015; Miller, 2008)

## 2. Selection

- Poverty is lower when leaders are selected from among social groups that have historically experienced greater poverty and economic discrimination (Chin and Prakash, 2011)
- Greater political competition is associated with the selection of better quality leaders (Besley and Reynal-Querol, 2011; Besley, Persson and Strum, 2005)

# Research on mechanisms of healthy PE



## 3. Behavioral Norms (legitimacy; cooperation)

- History of inclusive political institutions, and the experience of political engagement, promotes cooperative behavioral norms (Pandey, 2010; Nannicini et al, 2013; Sokoloff and Engerman, 2000; Acemoglu and Robinson, 2012)
- Leaders influence norms as “prominent agents” (Acemoglu and Jackson, 2015; Bidner and Francois, 2013; Beamen et al, 2009, 2012; WDR 2015)
- Legitimacy of leaders shapes their ability to effectively manage complex organizations (Akerlof, 2015), and political engagement matters for legitimacy (Dal Bó, Foster and Putterman, 2010)

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# Big Message and Crucial Question



- Selection and sanctioning of leaders is fundamental to understanding government failures, and how to solve them
- Key question that applies in every context: are leaders selected and sanctioned on the basis of performance in providing broad public goods? If not, how can citizens get there?

# How Government Failures are Solved: Answer 1



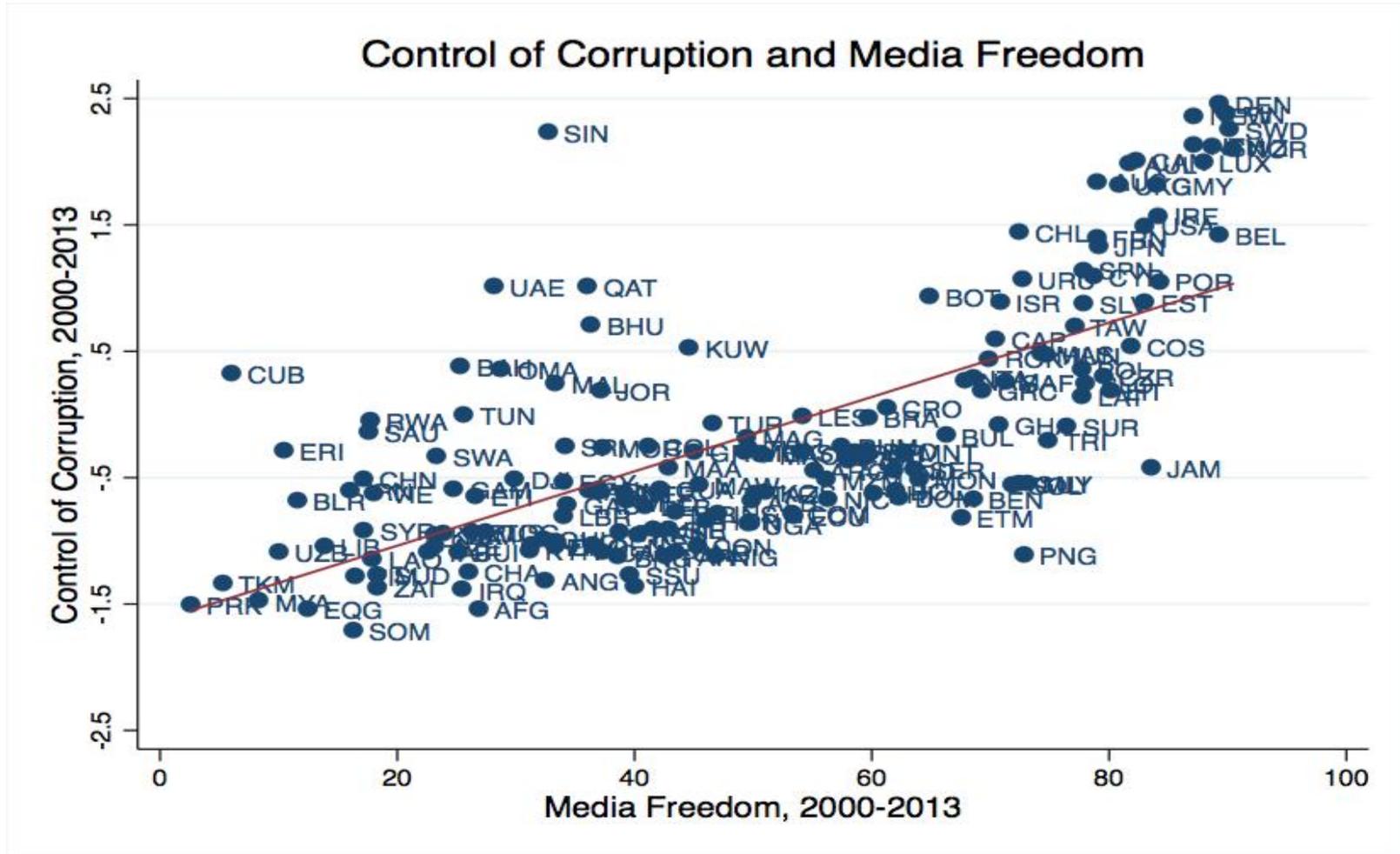
- Through endogenous changes in political engagement
  - Rise in demand for common-interest public goods explains: Reforms in post-Industrial Revolution UK (Lizzeri and Persico, 2004); Progressive Era in the US (Glaeser and Goldin, 2006); Emergence of state capacity (Besley and Persson, 2009)
- Mechanism of change
  - By increasing space for political engagement by a larger number of citizens (Lizzeri and Persico, 2004)
  - Turnover in leadership on the basis of performance is important across democracies and autocracies (Besley and Kudamatsu, 2008)
  - Incumbent leader's fear of losing power is critical for institutional change (Acemoglu and Robinson, 2006; Besley, Persson and Reynal-Querol, 2015)

# Answer 2: Transparency?



- Citizen access to publicly available information about the actions of those in government, and the consequences of these actions
- *Information generated through a variety of means and by diverse actors: public disclosure, mass media, investigative journalism, civil society, researchers*
- *Broadcast and communicated through new technologies*

# Correlation between Media and Corruption



# Transparency



- Sorting out causality between transparency, political engagement, and governance is challenging
- What the PRR examines:
  - How do citizens and leaders respond to transparency (when causality is sorted out)?
  - What do these responses teach us about political behavior, and how can policy actors use this to craft policies to overcome government failures?

# Message 3



- Transparency can support political engagement in order to overcome government failures
- In contrast, transparency initiatives that do not improve political engagement are unlikely to be effective

# Breaking down Message 3



1. Political engagement responds to transparency
2. Transparency's impact on governance occurs through political engagement
3. When political engagement is unhealthy, using transparency for non-political citizen engagement is not enough

# Political Engagement Responds to Transparency



- Information increases the likelihood of removing corrupt leaders from office (Ferraz and Finan, 2008; Bobonis et al, forthcoming; Larreguy et al, 2015)
- Information reduces the use of ethnic identity and clientelism in political strategies (Casey, 2015; Fujiwara and Wantchekon, 2013; Keefer and Khemani, 2014; Banerjee et al, 2011)
- New media technologies facilitate the entry of new political leaders (Campante, Durante and Sobbrío, 2013)
- Large body of evidence on responsiveness of voter turnout to information (Eg. Gine and Mansuri, 2013)

# Eg. Political debates in Sierra Leone



- Changed voter behavior
- Increased constituency service by MPs who were elected after participating in the debates

(Bidwell, Casey, Glennerster, James, 2016)



# Impact on Governance Occurs through PE



- Leaders respond to mass media because it amplifies the role of political engagement to hold them accountable (Besley and Burgess, 2002; Stromberg, 2004; Ferraz and Finan, 2011; Bobonis et al, forthcoming)
- Congruence of media markets with political markets supports greater accountability, lower corruption, and can reduce political polarization (Snyder and Stromberg, 2010; Campante and Hojman, 2013; Campante and Do, 2014)
- Role of mass media as a force for persuasion, and as an institution that can address coordination problems among citizens, beyond information alone (Keefer and Khemani 2014; Yanagizawa-Drott 2014)

# Many risks and open questions



- Incumbent political leaders can take actions to undo the positive effects of information on voter behavior (eg. Humphreys and Weinstein, 2010; Cruz, Keefer and Labonne, 2015)
- Little evidence on long-term or general equilibrium effects on governance outcomes (taking into account how political leaders and public officials respond to transparency)

# Transparency without healthy PE is not enough



- Impact of transparency targeted at non-political citizen engagement to solve local delivery problems, and contribute to public goods, depends upon political engagement
  - Unsuccessful cases directly show no impact on governance (eg. Banerjee et al, 2010, study of citizen engagement in education in India)
  - Outcomes (eg. student learning) can improve through private actions—but governance problems can remain intact (eg. teacher absence estimated to cost \$1.5 billion annually: Muralidharan et al, 2014)
  - Successful cases (eg. reduction in leakage in distribution of subsidized rice in Indonesia: Banerjee et al, 2015) explained as dependent upon existing structures of political engagement

# Transparency without healthy PE is not enough

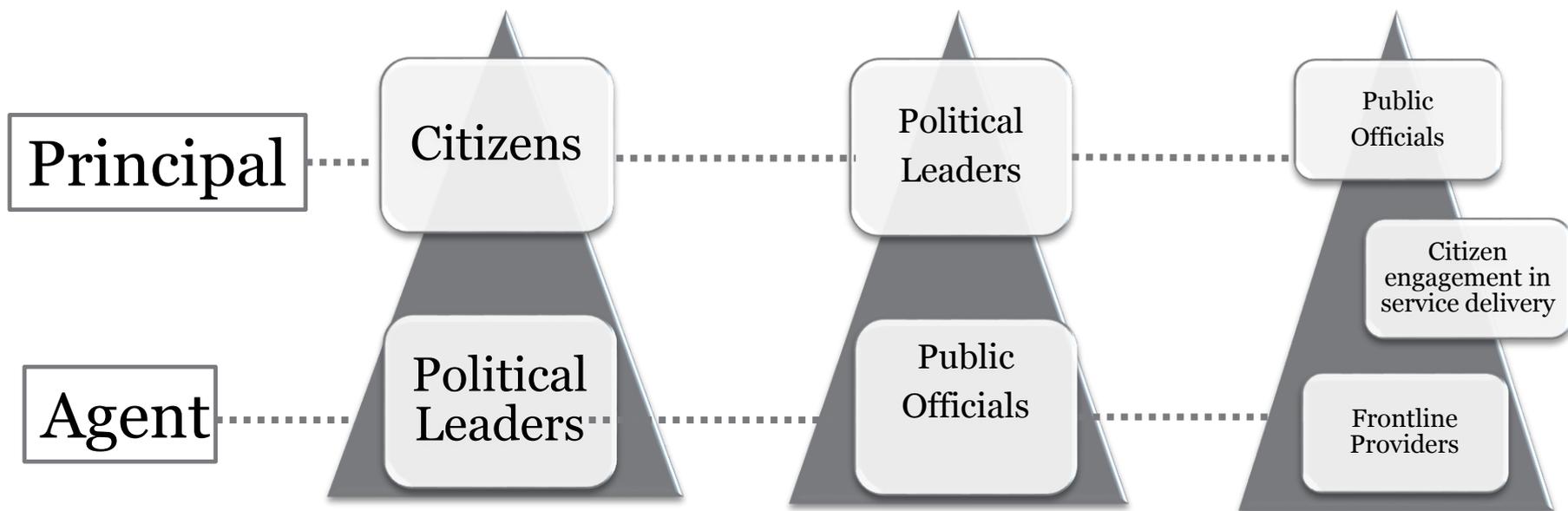


- Transparency's effects can be short-lived—displacing corruption to other times and other areas outside the limelight of the information campaign (Bobonis, Cámara Fuertes, and Schwabe, forthcoming; Zimmerman 2014).
- Sustained reductions in corruption and improvements in service delivery depend upon whether transparency has fundamentally changed incentives and behavioral norms in the public sector
- Which depends upon whether leaders are selected and sanctioned on the basis of good performance.

# T + *apolitical* CE to solve *within-government* management problems depend upon political incentives and behavior



- *Political engagement shapes incentives of leaders to take-up effective policies of T + apolitical CE*
- *and behavior of frontline providers and citizens to act as intended*



# Message 4



- Building effective government institutions requires changes in political behavior—investments in formal capacity and innovative technologies are not enough
- Political engagement and transparency can work together to bring about the needed changes in behavior
  - *Unhealthy political engagement can persist despite transparency, but there's no side-stepping it*
  - *Confluence of transparency and widespread political engagement can provide tipping points for homegrown institutional change*
  - *Create the “political will” to adopt reforms, and the legitimacy to effectively implement reforms through a myriad lower-level government agencies*

# Breaking down Message 4



1. Investments in formal capacity and innovative technologies are not enough.
  - Healthy and unhealthy political behaviors coexist and vary within the same formal institutional context; persistent effects of historical institutions, long after they have formally disappeared (Acemoglu, Reed, and Robinson 2014; Andersen, Francois, and Kotwal 2015; Banerjee, Iyer, and Somanathan 2005; Nunn, 2014).
2. Effective institutions are more likely to be homegrown, using local knowledge and tailored to local contexts
  - Dal Bó, Foster and Putterman, 2010; Pritchett, Woolcock and Andrews, 2013; Andrews, Pritchett and Woolcock, 2013; IDS, 2010
3. Accounts of institutional transition in the history of nations suggests that the confluence of transparency and widespread political engagement provides tipping points for change in how government agencies function
  - Lizzeri and Persico, 2004; Glaeser and Goldin, 2006; Camp, Dixit and Stokes, 2014)

# Policy Implications



- Target transparency to improve the quality of political engagement: design matters
  - Information on performance and consequences of policy actions
  - “Infotainment” through persuasive mass media
  - Congruence of information content, media and political markets
- Design non-political citizen engagement initiatives by taking political behavior into account
- Consider local political engagement, supported by transparency, as a way to solve “last-mile” delivery problems, adapted to contexts across the political spectrum

# Hope of Transparency and Citizen Engagement



		<b>Organized Group Action</b>
<b>For the Public Good</b>		Civil society solves collective action problems (typically supported by external actors through transparency and “social” accountability, outside the “political” realm)

# Hope of Transparency and Citizen Engagement



		<b>Organized Group Action</b>
<b>For the Public Good</b>		Well-intentioned, public-spirited, reform leaders in the bureaucracy and/or politics can organize support for reforms

# How politics is *the* problem which can undermine the hope



		<b>Organized Group Action</b>
<b>For Private/Club Goods</b>		Public-interest civil society and reform leaders thwarted by the collective action of powerful interest groups
<b>For the Public Good</b>		

# How politics is *the* problem which can undermine the hope



	<b>Individual Action</b>	<b>Organized Group Action</b>
<b>For Private/Club Goods</b>	Reform leaders can lose office because citizens are mobilized to support non-reform-leaders on the basis of caste, vote buying, or other targeted benefits	Eg. Identity-based political machines that target benefits to political supporters at the expense of broader public goods
<b>For the Public Good</b>		

*Interact/Re-enforce*

# How politics is *the* problem which can undermine the hope

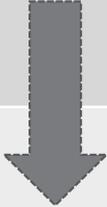


	<b>Individual Action</b>	<b>Organized Group Action</b>
<b>For Private/Club Goods</b>	Populist demands from “ordinary” citizens for private benefits	Leaders can nurture ideological constituencies, and polarize people rather than find common ground for public goods
<b>For the Public Good</b>		

A horizontal double-headed arrow with a dashed border, pointing left and right. Inside the arrow, the text "Interact/Re-enforce" is written in a serif font.

*What to take away from the evidence:* Understanding citizen behavior to craft policy strategies to shift it for the public good



	<b>Individual Action</b>	<b>Organized Group Action</b>
<b>For Private/Club Goods (UNHEALTHY)</b>		
<b>For the Public Good (HEALTHY)</b>		

# What transparency policy messages to take away



	Individual Action	Organized Group Action
	<ul style="list-style-type: none"><li>• Clear evidence of responsiveness to information</li><li>• Performance information (“valence” dimension) more likely to have impact than information about policy actions or positions which divide citizens (Kendall et al, 2015)</li></ul>	<ul style="list-style-type: none"><li>• Little theory or evidence that group action responds to information</li><li>• But groups can be sources of information</li></ul>
<b>For the Public Good</b>	 <ul style="list-style-type: none"><li>• By generating information on performance of leaders in delivering public goods</li><li>• By strengthening media markets to serve the public interest</li><li>• By tailoring information and support to media markets to be more timely and relevant to the political process in which citizens are already participating</li></ul>	

# What citizen engagement policy messages to take away



	Individual Action	Organized Group Action
	<ul style="list-style-type: none"><li>• Citizen action depends upon the local political environment—design matters (Olken, 2007)</li><li>• Free riding problems--Contrasting results in Banerjee et al. (2015), Peisakhin (2012), versus Ravallion et al. (2015) )</li></ul>	<ul style="list-style-type: none"><li>• Powerful local leaders can capture civil society</li></ul>
<b>For the Public Good</b>	<ul style="list-style-type: none"><li>• By designing beneficiary feedback to be credible and protected from elite capture</li><li>• By complementing capacity building and new technologies with institutions for local political engagement</li><li>• By designing local political jurisdictions whose leaders have clear responsibility for delivering public goods and that overlap with local media markets</li></ul>	

# Local political markets and local leaders



- Multiple levels for political engagement provide opportunities for fostering healthy political behavior and increasing the supply of good leaders (Myerson, 2006, 2012)
- All of the lessons of the report can be applied to local levels within countries, taking national political institutions as given

# What's different about the approach here



- Targeting transparency and citizen engagement, and paying attention to details of design
  - what information content, communicated how, when and where—to shift political behavior
  - meeting citizens where they are—targeted at how citizens are already participating

# No easy solutions, but a suggested approach



- Complement everything else that policy actors do with
  - *Communication to citizens, not only to leaders, to shift beliefs and behaviors—not a soft option*
  - *Using research to overcome the fear of talking about politics—treat it as part of seeking technical solutions to development problems*
- Need more work on institutional design, in a world where power is becoming more diffused
  - *To constructively channel and aggregate individual actions for public goods*
- Reduce the hubris of external actors
  - *We don't have all the answers, nor the oversight capacity*
  - *But we **can** do more to leverage our “big data” comparative advantage to enable societies to grow their own institutions and solutions*

# Who will take-up these recommendations?



- Fundamental dilemma motivating this report: those with the power to take-up recommendations don't have incentives to do so
- Particular role for agents who have technical capacity to generate meaningful information about public good performance of governments, and who are credibly independent and non-partisan

# Looking forward...



- Putting together a jigsaw puzzle with dispersed pieces of a vast and complex body of research; not an “impact evaluation” of a specified intervention
  - Understanding political behavior of citizens and leaders
  - Use this to craft policy–research strategies: iterative adaptation; learning by doing
- Contours of missing pieces where more research is needed:
  - Impact of leaders on incentives and selection within the public sector
  - Empirical work on building legitimacy and shaping behavioral norms in complex public sector organizations
  - Evidence of transparency’s impact on selection (leader quality)
  - Evidence of transparency’s impact on political norms
  - Evidence of transparency’s impact on governance outcomes in developing countries

*There is a tide in the affairs of men  
Which, taken at the flood, leads on to fortune;  
Omitted, all the voyage of their life  
Is bound in shallows and in miseries.  
On such a full sea are we now afloat,  
And we must take the current when it serves,  
Or lose our ventures.*

--William Shakespeare