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Bureaucratic Delay, Local-Level Monitoring, and Delivery of Small Infrastructure Projects: Evidence from a Field Experiment in Bolivia

MONICA YANEZ-PAGANS

University of Illinois at Urbana-Champaign, USA

and

GUSTAVO MACHICADO-SALAS*

Institute for Advanced Development Studies, La Paz, Bolivia

Summary. — Decentralization of public services to local governments and community participation in the monitoring of the delivery is now regarded as the key to improved public service delivery in developing countries. This paper examines bureaucratic delay within the allocation of small infrastructure projects in Bolivia, and it presents a randomized field experiment designed to improve public service delivery by promoting voice, transparency, and accountability among grassroots organizations. The findings of this paper suggest that monitoring tools designed to promote transparency and access to information by grassroots organizations might play an important role in improving public service delivery outcomes.

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1. INTRODUCTION

Decentralization of public services to local governments and community participation in the monitoring of the delivery is now regarded as the key to improved social service provision in developing countries.¹ The idea behind community participation in the monitoring of public service delivery is that community members are the people who ultimately benefit from a successful program and, therefore, they are the ones with better incentives to monitor, and should be given this responsibility (Stiglitz, 2002). The vision of community participation in the monitoring of public services is now indeed one of the cornerstones of the World Bank's Comprehensive Development Framework (Philip *et al.*, 2001).² Despite the enthusiasm for community-level monitoring, however, there are many skeptics of the potential of these types of schemes to improve public service delivery. Bardhan (2002), Gong (2002), and others, for instance, suggest that the use of grassroots participation in monitoring might promote locally based corruption and even facilitate organized crime. Banerjee, Deaton, and Duflo (2004) and Banerjee, Banerji, Duflo, Glennerster, and Khemani (2010) show that overcoming the collective action problem inherent to any type of community level monitoring scheme might be very challenging in practice.³

During the last couple of years, a small but growing experimental literature looking at how to address the collective action problem inherent to community monitoring schemes has begun to appear. The results, however, are not encouraging.⁴ One of the experiments, for instance, focuses on addressing high absence rates among nurses assigned to community health centers in India (Banerjee *et al.*, 2004). The experiment consisted in paying a member of the community to randomly check (on a weekly basis) whether the nurse assigned to the health center was present or not and, if not, to find out if

she could be found somewhere around in the village. The idea behind this experiment was to let villagers choose how to use the monitoring information the experiment was generating. No attempt was made to impose an external reward system for the nurses based on the monitoring information. At the end of the experiment, average absence rates in both treatment and control health centers turned out to be almost identical. Community monitoring by itself was clearly not enough in this setting to reduce absenteeism among health workers.

A second related study looks at the collective action problem within the context of the current flagship program of universal primary education in India (Banerjee *et al.*, 2010). This flagship program organizes locally elected leaders and parents of children enrolled in public schools into committees, and gives them power over resource allocation and management of school performance. The experiment looks at alternative interventions aimed at encouraging participation of parents and local leaders on these committees, including provision of information, training of community members, and training and organization of volunteers to hold remedial reading camps for illiterate children. The results of the experiment

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were overall not encouraging. None of the interventions resulted in a significant impact on community involvement, either on teacher effort or on learning outcomes. The authors suggest, therefore, that although communities care about education and are willing to do something to improve school quality, they face important constraints to participate in the monitoring.

There is also a small experimental literature looking at the effects of increased public access to information as a tool to improve public service delivery. This literature mainly has focused on assessing the extent to which facilitating access to information by users might help reduce capture and misuse of public funds. This literature is more encouraging and provides convincing evidence that higher level of information and accountability might be able to improve public service delivery by limiting opportunities for corruption at the local level.⁵ Using a unique World Bank public expenditure tracking survey, [Reinikka and Svensson \(2004a\)](#) document that for every dollar spent by the central government in schools, schools in Uganda receive indeed only 20 cents on average. To explore ways in which to deal with this missing funds problem, the authors take advantage of an unusual policy experiment to assess the effect of improved access to information on reducing diversion of public funds ([Reinikka & Svensson, 2004b](#)). The policy experiment consists of a newspaper campaign designed to boost the ability of schools and parents to monitor the handling of school funds from the central to the local level. By using proximity to a newspaper outlet as an instrument for exposure to the information campaign, they find that public access to information is a powerful deterrent of corrupt behavior. The diversion of public funds from schools is reduced from 80% to 20% throughout the 6 years of their study.

A related study presents a randomized experiment looking at the effectiveness of a bottom-up monitoring scheme in reducing missing funds within the provision of village road projects in Indonesia ([Olken, 2007](#)). The experiment consisted of encouraging village members (through letters of invitation) to participate in accountability meetings organized regularly by local leaders. This intervention is then contrasted with a top-down monitoring scheme consisting of informing villages ex-ante that they will be subject to an audit visit upon completion of the projects. Although the letters of invitation intervention proved successful at raising community participation in the monitoring of village infrastructure projects, it did not result in a significant reduction in overall missing expenditures. Instead, the top-down monitoring scheme proved quite successful in these settings at curbing local corruption. The author suggests, therefore, that when incentives to monitor are weak such as in the case of infrastructure projects provision, top-down approaches to monitoring may be much more effective.

The previous literature identifies at least three necessary conditions for access to information to translate into improved public service delivery. First, beneficiaries must greatly value the public service in question. It has been suggested, for instance, that community participation might have not worked well to improve education outcomes because its benefits are not tangible for the community. Second, local leaders must have strong incentives to engage in monitoring activities to overcome the collective action problem. [De Janvry, Finan, and Sadoulet \(2010\)](#), for instance, present evidence that local leaders' political incentives significantly affect the educational outcomes of decentralized conditional cash transfer program in Brazil. Third, formal mechanisms of voicing complaints and punishing providers must be in place. If information

and accountability mechanisms are weak, as is common in many developing countries, beneficiaries will not have incentives to engage in monitoring activities.

This paper examines bureaucratic delay within the allocation of small infrastructure projects by sub-municipal governments in Bolivia, and it presents a randomized field experiment designed to reduce bureaucratic delay by promoting transparency and accountability among grassroots organizations. Our experiment consists of randomly providing district councils (or sub-municipal governments) with a tracking system, which provides public officials and grassroots organizations real-time information on the processing of small infrastructure projects requests by district councils. The objective of this intervention is twofold. First, is to facilitate the involvement of grassroots organizations in the process of reviewing, tracking, and monitoring small infrastructure projects allocations. Second, is to explicitly alter the probability of detecting inefficient administrative practices by public officials within district councils and, therefore, to implicitly increase the expected cost of engaging in such practices among public officials.

Bolivia presents an ideal setting in which to study this because of the radical and well-defined decentralization reform process introduced in 1994. The Bolivian decentralization was linked to a far-reaching law of popular participation, which dramatically empowered citizens by granting grassroots organizations the right to participate in the planning, budgeting, and monitoring of public services. Further, the law granted grassroots organizations the right to discipline sub-municipal providers by giving them veto power over sub-municipal budgets and budget reports to ensure both that funds were well spent and that local elites did not capture a disproportionate amount of resources. The Bolivian decentralization and the law of popular participation have been widely studied and are considered the landmark for the design of decentralization reforms in developing countries ([Bardhan, 2002](#)). In addition, Bolivia provides a unique opportunity in which to empirically assess the effect of improved information on public service delivery because all of the conditions previously discussed as necessary for effective local-level monitoring hold in this setting. First, there is a very large demand for small local infrastructure projects involving community participation, and their delivery is something community members greatly value. Moreover, its delivery is something very visible for the community as a whole and its benefits immediately observable for the users (street lighting for instance). Second, the delivery of small infrastructure projects is pervasively used by local leaders, in this setting, as a political investment to make it to the district council office. This creates huge personal incentives for local leaders to engage in monitoring activities for the provision of these goods on behalf of their communities. Third, the decentralization and law of popular participation introduced well established formal mechanisms to voice complaints and to discipline sub-municipal governments.

The remainder of this paper is organized as follows. Section 2 discusses the setting of the study. Section 3 describes the experimental design, sampling, and randomization design. Section 4 presents the estimation framework. Section 5 describes the data. Section 6 presents the experimental results. Section 7 presents the interpretation of the results. Section 8 concludes.

2. SETTING OF THE STUDY

In 1994, as part of a global trend, the Bolivian government instituted an ambitious decentralization reform from the

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