

ADB Economics Working Paper Series



Development through Empowerment: Delivering Effective Public Services – a Literature Review

Guo Xu

No. 382 | December 2013

Asian Development Bank



ADB Economics Working Paper Series

Development through Empowerment: Delivering Effective Public Services – a Literature Review

Guo Xu

No. 382 December 2013

Guo Xu is a PhD student in the Department of Economics, The Suntory and Toyota International Centres for Economics and Related Disciplines, and the Department of International Development, London School of Economics. This paper has been prepared for the Economics and Research Department of the Asian Development Bank (ADB) as a background paper for the ADB Policy Report “Empowerment and Public Service Delivery in Developing Asia and the Pacific” and the “Asian Development Outlook 2013 Update: Governance and Public Service Delivery.” The author gratefully acknowledges Shikha Jha and Anil Deolalikar for their guidance and thoughtful suggestions. All errors remain those of the author.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org

© 2013 by Asian Development Bank
December 2013
ISSN 1655-5252
Publication Stock No. WPS 136130

The views expressed in this paper are those of the author and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

Note: In this publication, “\$” refers to US dollars.

The ADB Economics Working Paper Series is a forum for stimulating discussion and eliciting feedback on ongoing and recently completed research and policy studies undertaken by the Asian Development Bank (ADB) staff, consultants, or resource persons. The series deals with key economic and development problems, particularly those facing the Asia and Pacific region; as well as conceptual, analytical, or methodological issues relating to project/program economic analysis, and statistical data and measurement. The series aims to enhance the knowledge on Asia’s development and policy challenges; strengthen analytical rigor and quality of ADB’s country partnership strategies, and its subregional and country operations; and improve the quality and availability of statistical data and development indicators for monitoring development effectiveness.

The ADB Economics Working Paper Series is a quick-disseminating, informal publication whose titles could subsequently be revised for publication as articles in professional journals or chapters in books. The series is maintained by the Economics and Research Department.

CONTENTS

ABSTRACT	v
I. INTRODUCTION	1
II. BIG PICTURE – CHANGES SINCE 2004	1
A. Cross-Country Trends and Differences	1
B. Subregional Differences	3
C. Summary	4
III. CHALLENGES IN PUBLIC GOODS PROVISION	5
A. The Public Choice Problem	6
B. The Predatory State and Clientelism	6
C. The Cost of Corruption	7
D. Why Empowerment Matters	8
IV. DEVELOPMENT THROUGH EMPOWERMENT – CASE STUDIES	8
A. Empowerment through Voice	8
B. Voice and Electoral Reforms	10
C. Improving the Bargaining Power of the Poor	12
D. Empowerment through Better Information	15
E. Female Empowerment and Governance	18
V. CONCLUSION	23
REFERENCES	25

ABSTRACT

This paper reviews the channels through which empowerment may improve the efficiency and quality of public service delivery, particularly in developing Asia. Departing from a macro perspective, we focus and revisit microeconomic evidence for three broad measures aimed at empowering the poor: empowerment through voice, empowerment through exit, and empowerment through information.

Keywords: empowerment, public service delivery, accountability

JEL Classification: Y30, H40

I. INTRODUCTION

The provision of public goods is crucial to development: Access to basic services such as clean water and sanitation, transport, health care, and schooling not only increases individual well-being but also serves as an input for aggregate production. Roads and telecommunication systems lower transaction costs and hence encourage trade and economic activity. The provision of health care and education increases the quality of human capital, an important input in knowledge-based economies.

Due to the non-excludable and non-rival nature of public goods, however, competitive markets alone cannot guarantee the socially optimal level: As public goods generate positive externalities, private providers will tend to mutually free ride on the provision of others, resulting in a suboptimal level of public goods provided. This market failure is the traditional argument for intervention: The state is needed to provide the socially optimal level by equating marginal social benefit with marginal social cost.

Despite the importance of public goods, there are large differences in delivery across the world. On this issue, the *World Development Report* (World Bank 2004a) has most prominently highlighted the large variation in both quality and quantity across a wide range of developing countries, pointing to challenges policy makers and frontline providers face. The report painted a grim picture of the state of public services, stating that “social services fail for the poor.” Nine years later after the publication of the report this review paper revisits the issue by focusing on the developments since then, paying particular attention to evidence and lessons for Asia.

First, the paper provides a “big picture” by reviewing the trends and current state of public service delivery in Asia. To do this, we analyze general national and subnational trends in indicators to document the progress made since 2004 as well as the challenges ahead. Second, building on the conceptual framework of the *World Development Report 2004*, we discuss the various reasons for which public service delivery may fail, pointing to recent micro-level literature based on randomized controlled trials (RCTs) and natural experiments. Last, the paper explores three broad measures that are aimed at empowering the poor—empowerment through voice, empowerment through exit, and empowerment through information—providing more in-depth case studies. Based on these studies, this review attempts to derive implications for future policy.

II. BIG PICTURE – CHANGES SINCE 2004

A. Cross-Country Trends and Differences

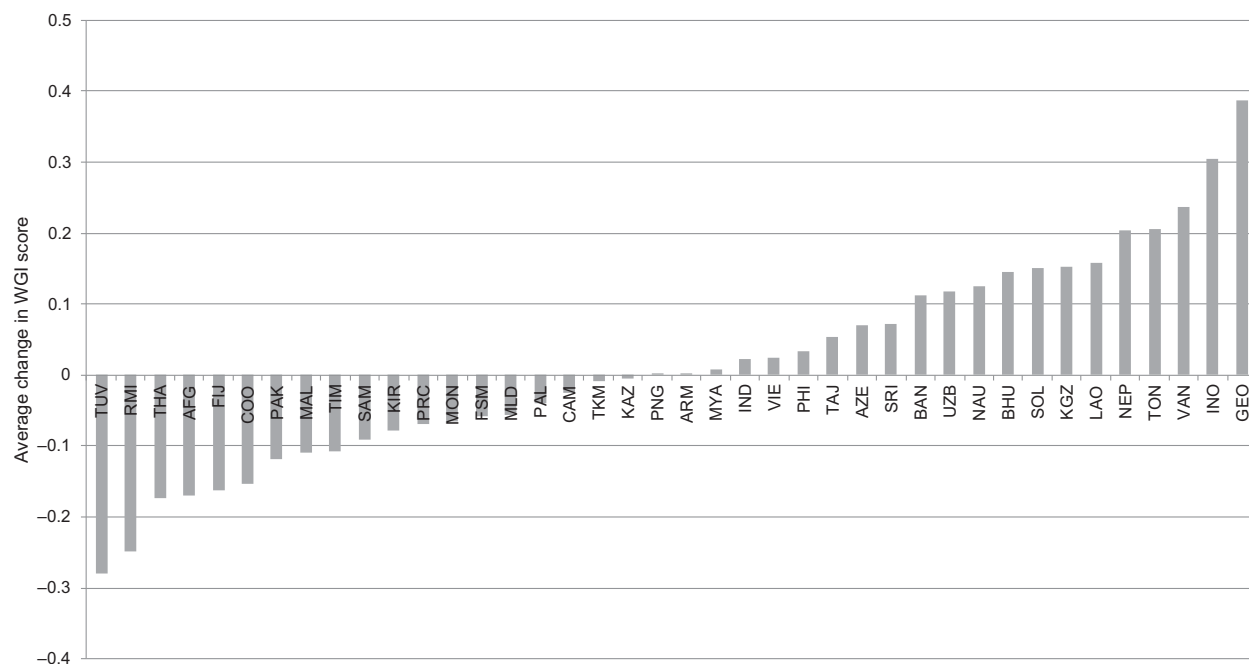
What has changed since the *World Development Report 2004*? What are the current trends in Asia? We first review the macro-level evidence and then subnational trends. In terms of macro-economic evidence, perhaps the most prominent composite measure for governance is the World Bank’s World Governance Index (WGI; Kaufmann, Kraay, and Mastruzzi 2010).¹ The WGI is a composite of several subindices that measures different dimensions of “governance,” ranging from empowerment (voice and accountability) to the provision of market-supporting

¹ Prior to the WGI, the World Bank offered a similar set of indicators—the Country Policy and Institutional Assessment (CPIA)—from the late 1970s onward, assigning scores to economic management, structural policies, policies for social inclusion, public sector management, and institutions. These CPIAs, however, were only made publicly available in 2006 (World Bank 2011).

goods (political stability, absence of violence, and rule of law) as well as measures of the effectiveness in which these services are provided (government effectiveness, regulatory quality, and control of corruption). The index ranges from around -2.5 to 2.5 , with higher values indicating better quality of governance.

In Figure 1, we plot the average change across the six subdimensions of the WGI between 2004 and 2011. The sample is restricted to the set of countries with Asian Development Bank operations.² The figure reveals a very mixed picture: While some countries, such as Georgia, Indonesia, Vanuatu, and Tonga, have experienced substantial improvements in the governance indicators, others, such as Tuvalu, the Marshall Islands, Afghanistan, and Fiji, have experienced a considerable deterioration in their index score. The picture is similar for the large Asian countries. India, for example, experienced a slight increase in its governance score, while the People's Republic of China (PRC) experienced a decrease. In addition, there is also a wide range of stagnating countries that did not experience any major change between 2004 and 2011.

Figure 1: Average Change in the World Governance Index between 2004–2011



AFG = Afghanistan, ARM = Armenia, AZE = Azerbaijan, BAN = Bangladesh, BHU = Bhutan, CAM = Cambodia, COO = Cook Islands, FIJ = Fiji, FSM = Federated States of Micronesia, GEO = Georgia, IND = India, INO = Indonesia, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, KIR = Kiribati, LAO = Lao People's Democratic Republic, MAL = Malaysia, MLD = Maldives, MON = Mongolia, MYA = Myanmar, NAU = Nauru, NEP = Nepal, PAK = Pakistan, PAL = Palau, PHI = Philippines, PNG = Papua New Guinea, PRC = People's Republic of China, RMI = Marshall Islands, SAM = Samoa, SOL = Solomon Islands, SRI = Sri Lanka, TAJ = Tajikistan, THA = Thailand, TIM = Timor-Leste, TKM = Turkmenistan, TON = Tonga, TUV = Tuvalu, UZB = Uzbekistan, VAN = Vanuatu, VIE = Viet Nam, WGI = world governance index.

Source: World Governance Indicators.

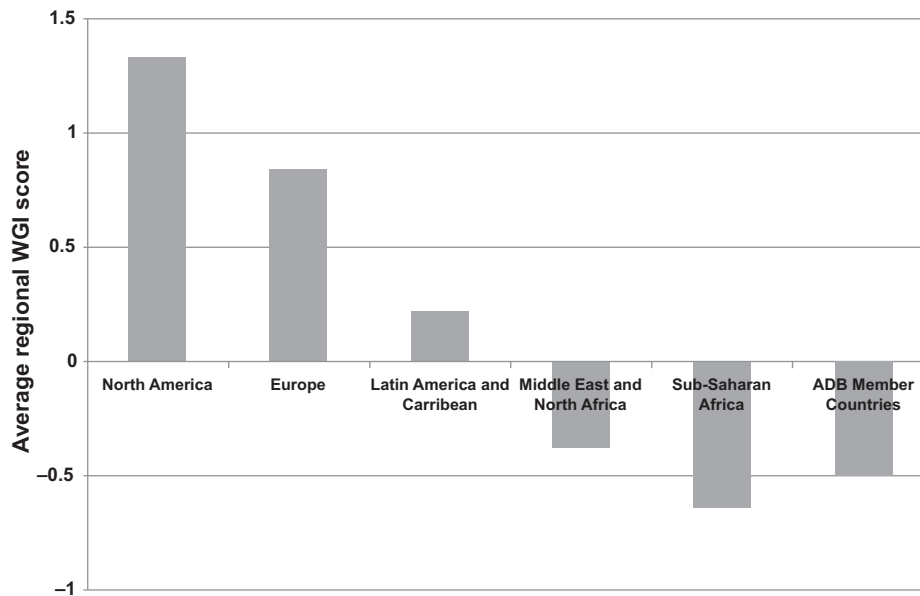
Even though the WGI documents both positive and negative developments, these changes are—when taking measurement errors into account—relatively minor, indicating

² See <http://www.adb.org/countries>, retrieved on 15 January 2013.

stagnation for most of the Asian countries. Given the strong persistence of institutions (Acemoglu, Johnson, and Robinson 2001; Nunn 2009), however, it is not surprising that macro-level indicators (that mostly capture institutional differences) appear to have remained roughly constant since 2004.

Even though some Asian countries experienced an improvement in their governance score, the *level* of the governance index is still low compared to other regions. In Figure 2, we plot the average regional WGI scores in 2011 for selected regions. Compared with other regions, the average governance index is slightly poorer than the average for the Middle East and North Africa, while slightly better than the average of Sub-Saharan Africa. A direct comparison with North America or Europe,³ however, reveals the stark differences in the level of governance quality, suggesting considerable scope for improvement.

Figure 2: Average Regional World Governance Index Score in 2011



WGI = world governance index.

Source: World Governance Indicators.

B. Subregional Differences

While the WGI is one of the most prominent indicators for governance and public service delivery, it has in recent years come under scrutiny (Pande and Udry 2005): First, as a country-level indicator, the aggregation and averaging could mask a wide range of subnational changes. If governance improved substantially in one region and fell back in another, the changes may be offset when averaged across regions, resulting in a country-level indicator that suggests that no change occurred. Second, and perhaps more importantly, indicators such as the WGI are to a large part defined by subjective assessments. These perception-based indices are subject to unpredictable sampling and reporting bias (Sequeira 2012). Experts, for example, may expect

³ The governance quality for Europe is comparably low, as it also includes a range of Eastern and Southern European countries with relatively low governance measures.

poorer countries to have poorer governance (“halo effect”). These biased beliefs will then translate into a biased indicator.

Several alternative approaches exist to measure the quality of public service delivery. Among those, the World Bank’s Doing Business indicator (Djankov et al. 2002) considerably improves on the methodology. Instead of relying on perception-based assessments, the Doing Business indicator measures well-defined outcomes that proxy for certain dimensions of regulatory quality. Instead of asking for an assessment of the quality of legal enforcement or infrastructure, for example, the Doing Business indicator measures the days taken to enforce a business contract or obtain electricity. Similar outcome-based approaches are used to measure absenteeism or corruption: Unannounced random visits to schools and health centers, for example, are now established methods to estimate absence rates (Chaudhury et al. 2006; Kremer et al. 2009). Instead of relying on subjective assessments of corruption, public expenditure tracking surveys (PETS) are now widely used to follow the flow of funds (Reinikka and Svensson 2003; Koziol and Tolmie 2010). By measuring direct outcomes, and with the availability of subnational regional data, these measures provide a more fine-grained and accurate picture of the state of public goods provision.

Even though subnational measures are only available for a small set of countries, these measures reveal considerable variation in the quality of public services within a given country. Table 1 shows the mean and measures of dispersion (variance and range) for two measures of public goods provision (enforcing contracts, registering property) based on subnational Doing Business indicators. While the large differences in means point to substantial cross-country differences in the quality of public goods provision, the measures of dispersion also reveal a large subnational variation: The range in the days needed to enforce a contract in the PRC, for example, is 428 days. In Nanjing, enforcement only takes about 112 days, while in Changchun it takes 540 days. Similarly, in India, enforcing a contract takes 600 days in Guwahati but 1,420 days in Mumbai. The large standard deviations also point to substantial variation in the quality of public services within countries.

Table 1: Subnational Differences in Government Effectiveness

	Enforcing Contracts (days)			Registering Property (days)			
	PRC '08	India '09	Pakistan '10	PRC '08	India '09	Pakistan '10	Philippines '11
Mean	319.06	961.05	1,260.76	52.4	54.94	41.69	36.52
Standard deviation	89.33	218.08	392.58	13.84	29.90	7.00	13.96
Range	428	820	1,460	50	102	22	59

PRC = People’s Republic of China.

Source: Doing Business Indicators 2013.

C. Summary

Overall, while the evidence reviewed suggests that countries have—on average—slightly improved, it is important to note that some countries have fallen back considerably. Among the countries in which the Asian Development Bank operates, Georgia and Indonesia have seen the largest improvements between 2004 and 2011, but countries such as Tuvalu, the Marshall Islands, and Thailand were amongst those experiencing the largest declines.

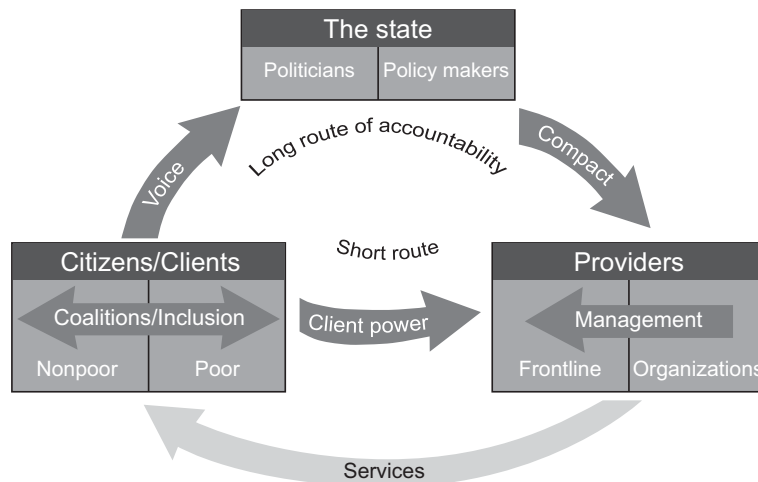
At the subnational level, the evidence also suggests that there remains substantial heterogeneity in the quantity and quality of services provided *within* countries: Subnational differences often dwarf cross-country differences, pointing to unequal provision of public services among regions.

Finally, while both macro and subnational indicators allow us to track the trends over time, there remain problems with causality. As we are dealing with observational data, we can only examine suggestive correlations, but it is difficult to convincingly establish the drivers for the trends. While the dramatic improvement in Indonesia, for example, may be interpreted as the result of certain policies that were put in place since 2004, there are many other explanations that may be consistent with the same trend. As such, these observed trends alone cannot inform policy about how to improve. In the next section, we further focus by reviewing the RCT literature on particular types of empowerment interventions that may yield more insightful and credible policy implications.

III. CHALLENGES IN PUBLIC GOODS PROVISION

Despite improvements in many countries, there remain obstacles that ensure an efficient public goods provision. To conceptualize the different challenges, it is useful to depart from the framework of the *World Development Report 2004* that traced the various channels through which the provision of public goods were determined and provided. The diagram below, reproduced from the World Development Report, summarizes the key relationships between the stakeholders in public service delivery: Citizen-clients voice their preferences about different public goods to the state. The state then aggregates these preferences and contracts providers to offer the services to the citizen-clients. The citizen-clients also have the possibility to influence the quality of services provided by directly exercising client power. Each of these stages, however, can be subject to substantial frictions.

Figure 3: Routes of accountability (2004)



Source: Reproduced from World Bank (2004a).

A. The Public Choice Problem

First, it is rarely the case that citizen-clients have a single voice. This gives rise to *public choice problems*, where heterogeneous groups (e.g., nonpoor and poor) compete to make their different interests heard by policy makers. The problem is particularly severe in developing countries with high fractionalization along dimensions such as ethnicity, religion, or culture.

In recent years, the strong evidence for a negative relationship between fractionalization and macroeconomic outcomes (Putnam 1993; Easterly and Levine 1997; Montalvo and Reynal-Querol 2003) has been corroborated by subnational and micro-level evidence. Alesina, Baqir, and Easterly (1999) were among the first to provide empirical evidence that links heterogeneity of preferences across ethnic groups in cities in the United States to the amount and type of public goods supplied. The authors found that ethnically diverse administrative areas have higher spending and higher deficits per capita, yet devote lower shares of spending to public goods such as education and infrastructure.

While these results were based on suggestive correlations, similar results have been found using more credible identification strategies, such as recently by Algan, Hemet, and David (2011) in France, where the random allocation of ethnic groups within public housing blocks is used to overcome the econometric concern of endogenous residential sorting. The negative impact of heterogeneity and public service delivery is also found across a wide range of developing countries: In Kenya, Miguel and Gugerty (2005) find that ethnic diversity is associated with lower primary school funding, worse school facilities, and poor water-well maintenance. In Pakistan, Khwaja (2008) finds evidence that social fragmentation decreases the upkeep of local public goods. Similar findings from the PRC (Martinez-Bravo et al. 2011) and India (Munshi and Rosenzweig 2008) further add to the growing body of evidence.

B. The Predatory State and Clientelism

Second, even in the absence of the public choice problem, the state may not necessarily translate the voiced preferences of the citizen-clients into corresponding public policies. In contrast to traditional literature that saw the state as a benevolent actor, more recent political economy approaches explicitly take into account that the state itself may be pursuing own interests that may run against the interests of the broader population (Acemoglu and Robinson 2005). A government that pursues clientelist policies, for example, may only adopt policies beneficial to a certain subgroup or divert resources away from one subgroup to the other. Since the poor often have disadvantaged access to articulate their political demands, clientelist policies are often biased toward the wealthy elite, obstructing pro-poor policies.

In the African context, where clientelism is seen as particularly prevalent, Wantchekon (2003) presents experimental evidence from the presidential elections in Benin in 2001. The author identifies a set of electoral strongholds and then randomly assigned candidates to clientelistic appeals (making community-level promises) and national public appeals. Examining the subsequent voting outcomes, the author finds that clientelist appeals increase the share of votes received by 13.3 percentage points on average and are particularly effective for opposition candidates.

Similar results of political capture are found in Asia. Bardhan and Mookherjee (2006) examine how pro-poor targeting varies with local inequality, poverty, or illiteracy within a decentralized implementation of development programs through the *panchayats* (local governments). While the authors do not find strong evidence of local elite capture in intra-village

allocation decisions, they find evidence of elite capture in inter-village allocation decisions: Local elites were hence more able to attract resources to their villages, instead of diverting them away from the poor within a village. An increase of 5% in the proportion of poor that were of low caste status is associated with a reduction of around 25% in per household grants allocated to the village. The comparative study by Kitschelt and Wilkinson (2007) documents similar forms of clientelism in a wider range of countries.

C. The Cost of Corruption

Third, contracted providers may have very different interests from the clients and the state, further aggravating the principal agent problem. Even when pro-poor policies are chosen, imperfect compliance with the targeting rule and corruption by the providers may reduce the effectiveness of the policies. Since the actual quality of the service provision is particularly difficult to monitor in remote and inaccessible areas, providers may shirk or decrease the quality of the services provided in those rural areas where the public goods are needed most.

Corruption, broadly defined as the breaking of a rule by officials for private gain, is not only limited to the diversion of monetary funds but can take more nuanced forms such as “theft of time” (Banerjee, Hanna, and Mullainathan 2012). In the education sector, for example, contract teachers may weigh the cost of absence or shirking (the probability of punishment when detected) against the potential benefits (additional paid leisure time) when the intrinsic motivation of providing high quality education is low. This issue was prominently discussed in World Bank (2004a), and the evidence of poor quality education has considerably grown in recent years. A comprehensive study by Chaudhury et al. (2006) finds absence rates ranging from 11% in Peru to 27% in Uganda. Even if teachers are present, there is no guarantee that the education provided will be of high quality: Teachers who are evaluated based on test score outcomes of their students, for example, may decide to only teach to the test and reduce their effort in improving other dimensions of teaching (Glewwe, Nauman, and Kremer 2010; Figlio and Getzler 2002).

The evidence suggests that the situation is even worse in health: Chaudhury and Hammer (2004) measured absence rates in Bangladeshi health centers. The absentee rates for doctors in larger clinics were found to be as high as 40%. In cases where monitoring was poor, absence rates were even higher: Single doctors posted to the most remote rural clinics were absent 74% of the time. For primary health centers, Chaudhury et al. (2006) find absence rates ranging from 25% in Peru to 40% in India, and Banerjee, Deaton, and Duflo (2004) find absence rates of 45% in local health centers in rural Udaipur. Again, mere presence need not suggest a high quality of the health care provided: health workers may resort to rule-of-thumb decisions rather than following through with time-intensive diagnostic procedures, overmedicating patients. Das and Hammer (2004) evaluate the quality of doctors in Delhi by testing their ability to diagnose and treat a range of common illnesses: The authors presented doctors with a set of five hypothetical cases (vignettes) and asked how they would treat these cases. The average quality of doctors was found to be very low: For diarrhea, a common illness in developing countries, the probability that an average provider gives oral dehydration therapy—the correct treatment—is as low as 30%. Even if doctors were able to provide the correct treatments in the hypothetical cases, doctors often deviated from the textbooks treatments when treating real-life patients.

In addition to shirking, contracted agents may actively divert economic resources away for private gain. If corruption is pervasive, few public funds may end up being used productively, even if the resources officially earmarked were substantial. Olken (2006) provides interesting

evidence from an Indonesian redistribution program. The study examines the Indonesian Operasi Pasar Khusus rice transfer program that was aimed at channeling subsidized rice to the poorest households. In order to detect corruption, the author compared the amount of rice officially reported as disbursed to a given village and district by the national government to the amount of rice households report to have received. The estimates based on the discrepancy between disbursed and received rice suggest that about 18%–30% of the rice allocated to a given village was lost due to corruption in the supply chain. The welfare loss is large: The author’s calculation suggests that corruption accounted for around 20% of the foregone welfare gain from the redistribution program.

D. Why Empowerment Matters

In all these cases, empowerment can improve public service delivery either directly or indirectly. First, empowerment increases the voice of the citizen-clients and accountability of the state. In a political system where corrupt politicians can be voted out of office, the incentives of politicians may be more aligned with the incentives of the citizen. In addition, allowing citizen-clients to choose the type and quantity of public goods provided through local elections or village committees may help overcome information problems as bureaucrats are often unaware of the priorities and needs of the poor.

Second, empowerment also increases the client power vis-à-vis the providers. When clients can switch providers by “voting with their feet,” competition between different public service providers may yield efficiency gains. By improving the “outside option,” or alternatives, of citizen-clients, public service providers can be forced to make concessions. In addition, codifying the rights of citizen-clients may be another way to increase their bargaining power in relation to the providers. While citizen-clients living in informal housing may be reluctant to lobby for better access to infrastructure in fear of eviction, citizen-clients with formal tenancy agreements may be more likely to demand improvements in public service quality.

Finally, greater accountability of the state also impacts the actions of the providers indirectly through the long route of accountability. When politicians are held accountable, both the choice of provider and mode of public service delivery may come under closer scrutiny, resulting in further efficiency gains. In the following, we will examine case studies that document three types of interventions that seek to empower the poor: empowerment through voice, empowerment by improving the bargaining power of the poor, and empowerment by providing information.

IV. DEVELOPMENT THROUGH EMPOWERMENT – CASE STUDIES

A. Empowerment through Voice

1. Voice and Community-Based Monitoring

There are two major barriers to empowering the citizen-clients to use their voice vis-à-vis the state and the public service providers. The first barrier is the lack of information about what constitutes an adequate level of public service. Citizen-clients may be unaware of their entitlements to services or lack a reference for comparison. Even if the poor quality of public services becomes a salient issue, the second barrier, lack of coordination and participation in monitoring, may prevent the citizen-clients to use their “voice.”

In order to evaluate the means to overcome these barriers, Bjorkman and Svensson (2009) study the impact of community-based monitoring of health care providers in Uganda. As a randomized controlled trial, the authors designed an intervention that was aimed to overcome both barriers to voice: lack of information and inadequate participation.

The intervention encouraged participation in the community monitoring of health care providers using three rounds of meetings. During the first round of meetings, participants from the villages near the health centers are provided with report cards that outlined the quality of existing health services (e.g., utilization rates, absence rates) and compared them with other facilities. With staff from local nongovernment organizations (NGOs) acting as facilitators, the participants then discuss the issues and possible ways to improve health care provision. The second round of meetings, in turn, includes only the staff of the local health centers. Again, the staff from local NGOs act as facilitators and summarize the results of the village meetings. In the final meeting, members from both the community (chosen in the village meeting) and health workers meet to discuss suggestions for improvements. The participants then agree on a shared plan, outlining agreements about improvements and a monitoring plan.

The intervention was designed as a one-off measure to encourage community participation and connect providers with clients, leaving the communities themselves to sustain community monitoring. Among 50 public rural health dispensaries chosen across Uganda, the authors randomly assigned half of the centers to receive the intervention, while the remaining half served as the control group. For treatment centers, the authors invited villagers within 5 kilometers of the center to participate at the village events. To avoid elite capture, representatives were specifically recruited from a diverse background.

The results suggest that treatment communities are significantly more involved in the monitoring of the providers. Consequently, health workers exerted more effort. Utilization rates in facilities with community monitoring increased by 20% and health outcomes, as measured by childbirth weight and child mortality, improved substantially 1 year after the intervention. The results are consistently positive across a wide range of outcomes: Immunization rates were higher, waiting times decreased, and absenteeism declined.

The Uganda case study suggests that direct monitoring through the community can dramatically improve the provision of health services. In the Ugandan case, complaining formally through the long route of accountability is very costly: The lowest tier of administration—the health unit management committees themselves—has no authority to sanction workers. While the health subdistrict monitors funds and service delivery, it does not have the authority to dismiss workers. Only the district service commission is able to credibly sanction workers. While the formal way is long and ineffective, the results suggest that the direct route—community-based monitoring—has had an immediate and large positive effect.

2. Direct Democracy and Local Public Goods

One often neglected aspect in generating bottom-up decisions through community meetings, however, is *who* actually decides to attend these meetings. Even if community meetings are open to all, there are several reasons why the poor may be less likely to attend, leaving their voice unrepresented. The poor, for example, may be unaware of the meetings or unable to attend due to other constraints. Olken (2007), for example, illustrates a case of social norms as a constraint in rural Indonesia, where it is considered rude (particularly among the poor) to attend a village meeting without formal invitation. While the issue was overcome by explicitly

ensuring that minorities participated in the Ugandan village meetings, a general concern of community meetings is the possibility of elite capture.

A natural alternative to community meetings, where village-level decisions are delegated to participants of the meetings, is the use of direct voting (or a plebiscite) as it allows a greater number of individuals to participate in the decision-making process. Olken (2010) provides evidence from an experiment in Indonesia that allows for a comparison between representative-based meetings and election-based plebiscites. The experiment was conducted during 2005–2006 in 49 Indonesian villages, each of which was preparing to apply for infrastructure projects of the Indonesian Kecamatan Development Program (KDP). The KDP allowed applying villages to propose a “general project” (a project that benefited the village as a whole) and a “women’s project” (a project that benefited only a subgroup of the entire village population).

Randomly selected treatment villages implemented a direct election-based plebiscite, while control villages used community-based meetings to decide on which projects to submit for the KDP. The list of projects that was available for choice did not vary across treatment and control villages, and, given the randomization, any differences observed in choices and related outcomes could then be attributed to the direct voting policy.

The results suggest that plebiscites, as a tool of direct participation in political decision making, can substantially increase satisfaction and the legitimacy of policies. While the final choice of the project to be implemented did not change significantly for the general project, women’s projects selected under the plebiscite were more likely to be located in poorer hamlets. This could be explained by the case that, under the community decision-making process, women from poorer hamlets were less likely to be involved and hence underrepresented. Even though the plebiscite did not change the resulting choice for both types of projects, simply allowing the wider population to decide via plebiscite increased satisfaction and the willingness to contribute to the projects. Villagers in treatment villages were 6 percentage points more likely to agree that the project chosen was in accordance with their own wishes, 12.6 percentage points more likely to agree that the project chosen will provide personal benefits, and 10 percentage points more likely to be satisfied with the KDP overall. Finally, villagers in treatment villages were also 16.8 percentage points more likely to directly contribute their own resources to the project, suggesting a higher valuation of the projects chosen.

Despite the positive evidence, however, even plebiscites, are prone to elite capture when turnout rates are not uniform across the population. For the Indonesian case, turnout was relatively high, at 79% on average. Compared to community-meeting decision-making, this implies that 20 times more people were involved in making decisions about the KDP projects. Enabling citizen-clients to directly vote for the projects hence appears to greatly increase the legitimacy of the projects ultimately chosen.

B. Voice and Electoral Reforms

If direct forms of participation, such as plebiscites, appear to have potential benefits, it raises the inevitable question about the implications of such results for countries that do not have fully democratic forms of political participation. The recent paper by Martinez-Bravo et al. (2011) which studies the introduction of local elections in rural PRC, hence, is particularly interesting: For one, it provides more empirical evidence of the effects of direct political participation in a different Asian context. For another, the findings hint that even gradual and limited democratic reforms may have sizable effects, providing more nuanced policy implications. In particular, the

authors study the effects of the introduction of village-level elections in a nationally-representative sample of 217 villages in the PRC between 1985–2005.

Prior to the reform, members of the two main village-level institutions of governance—the village committee and village party branch—were all appointed by the county government. The electoral reform introduced in the 1980s enabled villagers to select the members of the village committees.

The PRC case is particularly interesting as the introduction of village-level elections constitutes a partial electoral reform that did not impose *de jure* constraints on the executive: Up to a second wave of reforms in 1998, villagers could not nominate candidates themselves; instead, candidates were still appointed by the party branch, hence enabling the government to keep a strong influence in the selection of committee members. While the elections enabled the villagers to punish poor-performing village committees by voting them out of office, the extent to which villagers could choose their representatives was still relatively limited.

The reform was intended to impact public goods provision in two main ways: First, by allowing villagers to select among a set of candidates, the central government reduced its monitoring effort. Given the size and heterogeneity of the country, monitoring and appointing village committees were subject to large information costs. By transferring the burden of monitoring to the villagers, it was hoped that the increased local monitoring would impose checks on corrupt village committees. Second, enabling the villagers to select the village committees also helped legitimize and enforce the implementation of policies decided by the central government.

To identify the causal effect of the electoral reforms, the authors exploit its staggered implementation: As reforms were implemented in a top-down fashion in different provinces at different times, the strategy was to compare outcomes in villages before and after the introduction of elections, and between villages that had already introduced reforms and those that had not yet done so (known as the difference-in-differences approach). The results suggest that elections indeed increased public goods provision. Villages in which elections were introduced experienced, on average, an increase in public expenditures by 27%. In addition, the elections also appear to have led to policies that redistributed wealth from the rich to the poor through redistribution in household farmland and increases in wages paid by enterprises—two policies that were under direct control of the village.

The authors argue that the effect is mainly due to improved leader incentives and not due to villagers' ability to better select candidates. First, comparing the impact of elections before and after nominations were opened up, the authors find no significant difference, suggesting that the ability to nominate candidates had little additional impact. Second, the effect of elections does not differ across elections that experienced a turnover after the first election to elections that did not experience a turnover.

The three papers surveyed here provide valuable lessons for policy. First, by designing better mechanisms of community-based action, it is possible to substantially improve the outcome of public service provision. The greater monitoring in the Ugandan case ensured the public resources were more efficiently employed and did not impose a greater financial burden on the government. Second, while the researchers ensured that the participants of the community meetings were representative of all groups within the villages, such meetings may have been prone to elite capture when the poor are less likely to attend or speak up during the events. Here, the evidence from Indonesia suggests that implementing direct voting

mechanisms, while not dramatically changing the policy choices made, led to greater satisfaction, valuation, and legitimation of the projects ultimately implemented. Third, the policy implications may be more nuanced than just recommending decentralization or democratization: The PRC case of village-level reforms suggests that even partial reforms can have substantial positive effects.

C. Improving the Bargaining Power of the Poor

1. Increasing Tenure Security in Rural Areas

Another major problem in the developing world is the prevalence of informal tenancy relationships: In many rural areas, tenancy and sharecropping relationships are not explicitly defined. In urban areas, structural change and migration have resulted in a large number of poor who are forced to live in marginal squatter settlements with constant threat of eviction (UN-HABITAT 2003). Empowering the poor by strengthening tenure security, hence, may be a potential policy to indirectly improve the quality of public service provision.

Banerjee, Gertler, and Ghatak (2002) study the impact of a large tenancy reform in West Bengal, India. Operation Barga, implemented in 1977, was motivated by the poor implementation of previous tenancy laws, which kept tenancy relationships insecure. A survey conducted by the authors in rural West Bengal suggests that, prior to the reform, 74% of the leases did not have a specified duration. In addition, 80% of the respondents reported to have been subject to eviction threats.

The aim of Operation Barga was to improve and enforce the rights of these tenants. Under the new regulation, registered tenants were entitled to permanent and inheritable tenure on the land they sharecropped, provided they paid at least 25% of the output as rent. In addition, registration was made easier by Operation Barga officials who actively provided information to hesitant sharecroppers. The enforcement of the tenancy laws was monitored by the local government.

In theory, such a tenancy reform empowers sharecroppers in several ways. First, the reform increases the bargaining power of tenants by prohibiting arbitrary eviction. The increased bargaining power can then translate into better contractual terms, such as a higher crop share. Second, the reform increases the security of tenure. On the one hand, the greater security ensures that tenants reap the benefits of their effort, hence allowing them to make greater investments (“carrots”). On the other hand, landlords could no longer “motivate” tenants to exert efforts by threatening them with eviction (“sticks”). While the bargaining effect has an unambiguously impact, the tenure security effect depends on which of the two channels (“carrots” vs. “sticks”) dominates.

Banerjee, Gertler, and Ghatak (2002) evaluate the impact of Operation Barga using both interstate and intrastate evidence. First, the authors use a difference-in-differences design to compare the pre and post trends in West Bengal to the trends in Bangladesh, a neighboring state with similar conditions and trends which, however, was not subject to a tenancy reform. Second, the authors exploit variations in program intensity within West Bengal to test if districts with a higher number of registered sharecroppers experience higher subsequent productivity growth.

The authors find evidence that Operation Barga indeed improved the position of the tenants. After the reform, 96% of respondents surveyed reported that evicting registered tenants

is nearly impossible. Only 30% of the respondents knew tenants who were evicted after the reform. The increased bargaining power of the tenants is also associated with an improvement in contractual terms. Post-reform, the proportion of tenants getting more than 50% of the output increased from 17% to 39%. Finally, the empowerment of tenants also increased agricultural productivity: rice yields in post-reform West Bengal were about 7%–18% higher than in Bangladesh. In addition, districts with higher sharecropper registration rates also had higher subsequent yields. In total, the authors estimate that the reform accounts for about 28% of the subsequent growth in agricultural productivity in West Bengal.

The paper, providing evidence from one particular tenancy reform, shows that the impact of empowering tenants depends strongly on their initial position: If the empowerment is not far-reaching enough, the positive effect of improved security (“carrots”) may not be offset by the negative effect (“sticks”). Acknowledging the presence of nonlinear effects in such interventions is hence important for conducting welfare analysis. Perhaps most importantly, the case of Operation Barga also shows that there need not necessarily be a trade-off between equity and efficiency when designing programs that transfer property rights from the rich to the poor.

2. Increasing Tenure Security in Urban Areas

Field (2007) provides another compelling piece of evidence documenting positive effects of formalizing insecure land titles in urban areas. The author studies the impact of a large-scale titling scheme in Peru. The scheme made it easier for informal residents to formalize their tenancy relationship. With nearly 1.2 million titles issued between 1996 and 2003, it is considered one of the largest titling schemes for urban squatters in the developing world.

In contrast to the Indian case that focused on tenancy relationships in rural areas, the Peruvian titling scheme was aimed at addressing the growing informal urban settlements on unused government lands that arose from the inability of cities to cope with the increasing urbanization. In 1997, the World Bank (1997) estimated that over 25% of Peru’s urban population lived in informal urban settlements.

As in the Indian case, formalizing a title was costly prior to the reforms. Registering a title involved lengthy bureaucratic processes and often high fees. The intervention sought to facilitate the lengthy registration process. Under the new scheme, registration was effectively free and rapid. Similar to the Indian case, project teams were set up locally and claimants could receive their title provided they could verify their residence predating the start of the program. The program was implemented sequentially.

Once more, there are two possible effects at work. First, formalizing a title can increase the bargaining power of the poor in several ways. On the one hand, with a formal title, residents may be able to overcome credit frictions by using their title as collateral, a channel often dubbed the “de Soto effect.” On the other, as legal residents, the poor may be able to lobby for the provision of better public goods (e.g., piped water, roads) without fear of being evicted. Second, a formal title has a security of tenure effect: when a claim on a property is informal, residents may be reluctant to invest in the property and spend considerable resources in protecting the property. Residents who are forced to stay nearby their property, for example, will forego potentially lucrative job opportunities that are offered in more remote parts of the city. Formalizing the claim, hence, may provide incentives to invest and free up resources previously devoted to guarding the land.

Field (2007) evaluates the security of tenure effect by exploiting the sequential implementation of the program. By arguing that the exact sequence of titling was quasi-random, the strategy is to compare the outcome in titled areas by using the untitled areas as the counterfactual. Her findings suggest that the titling scheme had positive impacts. After the reform, 98% of squatters reported experiencing a change in tenure security. The intervention impacted labor supply decisions in three ways: First, the intervention resulted in a reallocation of labor from time spent guarding the property to working by 13.4 hours per week. Second, the increased security of tenure resulted in a shift away from home production to work in the market, with titled households 40% less likely to work at home. Third, with the freeing up from guarding duties, titling resulted in a significant decrease in child labor. Instead of guarding the property and sending children to work, adults in titled households were more likely to work themselves.

3. Improving Bargaining Power vis-à-vis Lenders

In addition to the security of tenure effect of entitling the poor, facilitating collateralization of the title may help the poor overcome credit constraints (the so-called “de Soto effect”). Enabling the credit constraint to borrow gives the poor opportunity to undertake profitable investments. As before, however, the effect may not be unambiguously positive.

Besley, Burchardi, and Ghatak (2012) suggest that the provision of better property rights and titles is likely to have heterogeneous effects that vary depending on the initial wealth level, the extent to which property rights are improved, and the structure of the credit market. The authors introduce a simple lender–borrower framework to illustrate the mechanisms involved. The underlying factor that determines the mechanisms for property rights reforms is the outside option of the borrower: When the borrower has no alternative but to borrow from the lender in order to undertake his or her investments, improving property rights may be harmful to the borrower. As property rights improve (e.g., the borrower has formalized the title on his or her land), lenders are now able to seize a greater share of the borrower’s wealth in case of default by increasing the interest payments. In this case, improvements in property rights benefit the lenders at the expense of the borrowers. The property rights reform would only induce redistribution. As lenders are typically wealthier than the borrowers, the redistribution would not be pro-poor.

When the borrower’s outside option is sufficiently high such that the borrower does not need to rely on borrowing from the lender, however, improvements in property rights indeed facilitate access to credit by lowering the interest rates, the “de Soto effect.” The effect is driven by two channels: First, as the borrower can always fall back on his or her outside option, lenders will need to make concessions by lowering the interest rate. Second, improved property rights allow the borrower to collateralize a larger share of the wealth. Since the loss incurred in case of default also increases, borrowers will increase their effort. The combined effect of both lowers the interest rate and increases effort and subsequent production.

In order to evaluate how large these heterogeneous effects are empirically, Besley, Burchardi, and Ghatak (2012) calibrate their model using data obtained from a microenterprise survey in Sri Lanka. The authors estimate the key parameters of their model using structural equations and indeed find that the magnitude of the “de Soto effect” varies substantially across wealth levels. When reestimating the parameters based on a similar dataset in Ghana, the results suggest that the expected effects are very dissimilar due to differences in the wealth distribution. Both the theoretical predictions and the empirical evidence hence serve as another reminder that context matters when designing policy reforms. In the Sri Lankan case, for

example, improvements in property rights initially lead to an increase in interest rates. Only after the improvements in property rights exceed a threshold such that the borrower's outside option is binding does the positive "de Soto effect" decrease the interest rates. In this case, for property right reforms to improve the situation of the poor, the improvement would need to be large enough so lenders—facing an empowered borrower who can opt out for his or her outside option—are forced to lower interest rates.

D. Empowerment through Better Information

1. Addressing Absence Rates through Monitoring

As prominently highlighted in the *World Development Report 2004*, the quality of public services is particularly low for the poor. Common manifestations of poor service delivery across the world are long waiting times, limited attention, differential treatment, and high absence rates.

In order to address the poor quality of public service delivery, it is important to study the incentives of agents involved. For the delivery of basic education, Duflou, Hanna, and Ryan (2013) conducted a randomized experiment in rural India (Udaipur) to test if monitoring and incentives help reduce teacher absences and improve learning outcomes. In the context studied, basic primary schooling was delivered by an NGO through contracted short-term teachers (so-called para-teachers) in nonformal education centers. Since these teachers were employed flexibly with no prospect of permanent employment, there was little monetary incentive for the teachers to exert efforts. This situation was further aggravated by the fact that the schools were based in rural areas that were hard to access. Low incentives, coupled with low risk of punishment, hence resulted in high absence rates. The baseline survey in 2003, where absenteeism was verified through random visits, revealed an absence rate of 35%.

The intervention studied addressed both incentives and monitoring. To improve monitoring, teachers were given a camera with tamperproof time stamps and asked to provide evidence of their attendance by taking a picture in the morning and the evening. Pictures taken with at least eight students and 5 hours in between qualified as being "present." In addition, to provide incentives for attendance, salaries were pegged to the attendance rates in a nonlinear fashion: Teachers earned a fixed salary of Rs500 but would gain a bonus of Rs50 for each additional day taught in excess of a 10-day minimum.⁴ Out of 120 schools, half of the schools were randomly selected to implement this scheme. The remaining schools served as the comparison group, where teachers earned a fixed salary of Rs1,000.

The results suggest that monitoring and financial incentives reduce teacher absences and increase learning. In treatment schools, absenteeism fell by 21 percentage points relative to the control group. The treatment improved attendance across the distribution, with the impact largest for below-median teachers (as evaluated using a teacher skill exam). While below-median teachers initially exhibited lower attendance rates than above-median teachers, the program brought below-median teachers to the same (higher) level as above-median teachers. The higher attendance rates also translated into higher test scores. Test scores in treatment schools improved by 0.17 standard deviations. Children from treatment schools were also 10 percentage points more likely to transfer to formal primary schools. Finally, the impact of the intervention was long-lasting and there is no evidence that the results were driven by Hawthorne effects (observer-expectancy effects). After 4 years, teacher absences were still 11 percentage points lower in treatment schools.

⁴ Since all teachers were reminded of their duty to teach, the salary paid for additional attendance must be interpreted as a bonus.

The study allows a close look at the mechanisms at work. The authors use a structural model to disentangle the combined effect of monitoring and incentives, and estimate the responsiveness of teachers to financial incentives. The estimates suggest that teachers are responsive to incentives, with elasticities of labor supply with respect to the level of financial bonus between 0.2–0.3. Based on additional data collected during school visits, it is also possible to explore how the increased attendance improves schooling outcomes. The evidence suggests that the higher attendance rates directly translate into longer hours of instruction for the students, which in turn are likely to have improved the test scores. Conditional on the school being open, teachers were as likely to teach and students as likely to attend across treatment and comparison schools. This suggests that the fixed cost of attending is the major determinant driving teacher absence rates, as the marginal cost of teaching appears to be relatively low.

Several lessons arise from this study. First, monitoring is effective but only if coupled with incentives. Absent credible consequences (higher salary, layoff), monitoring alone may not have a large impact on absence rates. Second, when designing incentives, it is necessary that incentives are high-powered enough to have an economically large impact. In the case studied, the fixed cost of going to work appears to be the main barrier, and sufficiently high-powered incentives are required to offset the fixed cost. In other contexts, however, the elasticities of labor supply with respect to financial incentives may be very different, so the results must be interpreted with care when trying to extrapolate to other services or countries. Finally, the study demonstrates that the creative use of technology can help overcome challenges faced in program design. The use of time-stamp cameras and bottom-up monitoring is just one example—in another context, different technological tools may be more adequate.

2. Providing Information to Facilitate Community Action

Another way to facilitate bottom-up monitoring is to empower the citizen by providing information. Reinikka and Svensson (2011) provide evidence from Ugandan primary schools that may also provide useful lessons for improving governance in Asian countries.

In Uganda, as common in many countries throughout the developing world, capitation grants for the education sector (resources for financing instructional material and nonwage spending) are set nationally and allocated annually on a per student basis. Disbursed several times over a year, these funds were provided—either in kind or as direct financial transfers—from the national government to the local district officials who then channeled the funds to the schools. A public expenditure tracking survey in 1996, which followed the flow of resources from the national level to the schools, however, found that only 24% of the total yearly capitation grants actually reached the schools, with even lower rates in poor areas. There was little evidence to suggest that the funds have been diverted away for other productive purposes (e.g., to increase health spending), and the main concern was that local district officials diverted the money away to nonproductive consumption.

In response to the startling numbers, the Ugandan government launched an information campaign toward the end of 1997, publishing information on monthly transfers of capitation grants allocated to districts in local newspapers. The newspapers were asked to publish detailed data on the amount and timing of transfers to the districts. In addition, information about schools' entitlements and responsibilities, including anecdotal cases of embezzlement by local politicians were regularly reported. The main goal was to increase the awareness both of schools and citizens, encouraging the use of "voice" to address the allocative inefficiencies.

In order to identify the causal impact, the authors examine whether schools closer to newspaper outlets are more likely to be better informed after the policy change in 1997. The authors find that, after the reform, schools closer to newspaper outlets reported significantly higher shares of the disbursed capital grants received than schools further away from newspaper outlets (hence, less likely to receive the information). Using the distance to newspaper outlets as an instrumental variable and controlling for school fixed effects, the authors find that this increase in funds received translated into better educational outcomes, increasing enrollment rates as well as slightly improving test scores. In terms of magnitude, the impact of the information campaign had almost the same magnitude as more cost-effective schooling interventions (Kremer, Miguel, and Thornton 2009).

The information campaign suggests that improvements in governance driven by voice and increasing monitoring alone can help improve the delivery of education. In this case, the provision of better information lowered corruption and hence increased the efficiency of the service delivery channel. Head teachers serving close to newspaper outlets were better informed both about the allocation rules for the capitation grant and the timing of the disbursement. Among the schools that did not receive the full amount in 2001, 47% complained both through informal (e.g., verbal complaints) and formal channels (e.g., electoral sanctions), suggesting that the information indeed translated into action.

While the case study suggests that providing information is a cost-effective way to improve the use of public funds, it is not clear, however, which measure ultimately helped decrease corruption. The policy itself comprised a range of interventions (revealing amount of funds disbursed, increasing awareness about corruption, and providing anecdotal evidence of embezzlement), and it is unresolved whether all three measures are complementary and required, or if one of these interventions alone would be sufficiently effective in reducing corruption. In addition, even though the intervention empowered schools and citizens, it is unclear if a similarly designed information campaign would result in comparable improvements in governance through bottom-up pressure. In the Ugandan context, the authors stress that collective action problems may be easier to solve as parents have long been organized and involved in the management of primary schools. Similarly, it is unclear if the findings apply to other public services. To the extent that education is perceived a more sensitive and important service than health or infrastructure, revealing the extent of corruption may be more likely to trigger the desired collective action. The negative association between missing education funds and education outcomes, however, has been found in other contexts (e.g., Ferraz, Finan, and Moreira 2012 in Latin America), so improving governance appears to have an unambiguously positive impact.

3. Exposing Corrupt Officials

The study by Ferraz and Finan (2008) looks deeper into the channels on how citizens react to the arrival of new information, and how the reaction translates into political outcomes.

The authors study the impact of a Brazilian anticorruption program on electoral outcomes. Launched in 2003, the federal government began to select municipalities at random to audit their expenditures of federally transferred funds. Randomly selected municipalities then undergo an extensive check by a team of independent auditors. A team of 10–15 auditors is sent to examine accounts as well as inspect the quality of public work and delivery of public services. These auditors also meet with members of the local community to hear direct complaints. The resulting report then describes all irregularities found and is then published online and disseminated through media sources.

The authors exploit the random selection and timing of the public dissemination by comparing electoral outcomes of mayors eligible for reelection between municipalities audited before and after the 2004 elections. Since the timing of audits is quasi-random, any significant difference in electoral outcomes between municipalities where the audits were released before and after the election would suggest that the release of information significantly changed voting behavior. The main interest lies in how electoral outcomes compare based on the type of information disclosed (high/low corruption), and whether the effect varies with the presence of local radio.

The results suggest that the audit had a significant impact on the incumbents' electoral performance. Among municipalities in which two violations were reported, the audit reduced the likelihood of reelection by 7 percentage points. In contrast, when corruption was not found, the audit increased the likelihood of reelection by 9 percentage points. Once empowered with information, citizens update their beliefs, punishing corrupt politicians and rewarding compliant politicians at the polls. As in the study in Uganda, the media plays an important role in disseminating information. In those municipalities with local radio stations, the effect of disclosing corruption on the incumbents' likelihood of reelection was most severe, decreasing by 11 percentage points. Similarly, when corruption was not found in a municipality with a local radio station, the audit increased the likelihood of reelection by 17 percentage points.

The results suggest that improved monitoring of politicians via random audits and the dissemination of the audit results improves political accountability—and ultimately governance. Non-corrupt politicians are more likely to be promoted, while corrupt politicians are more likely to be voted out of office. While the study only examines the immediate effect of the audit scheme on a single election, it is likely that the probability of being audited (monitoring) coupled with the threat of being punished at the polls (incentives) have an overall impact on decreasing corruption.

The study, however, also shows that context matters greatly. While newspapers were the main source of information dissemination in Uganda, they are not an important source of local news. In a country with the lowest worldwide newspaper penetration rate, local radio serves as the main source of information. When considering designing similar audit schemes that heavily rely on information, it is crucial to adjust the vehicle of dissemination to the local context. In addition, the extent to which similar schemes work in other countries strongly depends on the political institutions. In Brazil, for example, voting is compulsory and the high political participation may be partly driving the results. In the absence of compulsory voting, when the poor and uneducated are less likely to vote, audit results may have a smaller impact on voting outcomes. Finally, it is important to take into account the incentives of the auditors. In the Brazilian context, the auditors are hired based on competitive public examinations and paid competitive salaries to prevent misreporting and bribe-taking. While the authors do not find any evidence for deliberate manipulation of audit results, ensuring that auditors are not susceptible to corruption is clearly an essential prerequisite.

E. Female Empowerment and Governance

Gender equality is a crucial part of empowerment: The importance of female empowerment is perhaps best summarized by the conclusion of the recent *World Development Report 2012* that “gender equality is a core development objective in its own right” (World Bank 2012). In addition to promoting female empowerment for normative purposes of equity, a common rationale lies in efficiency gains. On the one hand, the gender gap in health, education, and political participation and employment opportunities reflects a welfare loss as a large pool of talent

remains untapped (Duflo 2012). On the other, political empowerment of women may also be conducive to more representative decision making and better governance (World Bank 2012).

The importance of “gender” in efficiency and service delivery can be traced back to early work on intra-household allocation. The seminal work by Udry (1996) on household risk-sharing provided initial evidence that agricultural households in developing countries do not appear to act and optimize as a unitary household. While benchmark models of risk sharing would predict that factors be allocated efficiently across all plots owned by a given household, the author’s case study in Burkina Faso finds that plots controlled by women are less intensively farmed than similar plots within the same household controlled by men. In this context, the inefficient allocation of resources within a household implied a substantial loss of output by around 6%. Similar results are found in a subsequent study of land investments in Ghana, where wives achieve much lower profits than their husbands, even though an efficient household would seek to equalize returns to cultivation across all plots (Goldstein and Udry 2008).

As a consequence of the finding that households do not act as a single unit, policies that aim to target women—the predominantly disadvantaged household member—have gained much attention in public policy, with examples abounding. Large-scale conditional cash transfer programs such as Mexico’s PROGRESA/Oportunidades, for example, exclusively provide cash transfers to female household heads. Similarly, micro-loans offered by the Grameen Bank in Bangladesh target female household members. The notion that female empowerment is conducive to development and governance has also been extended beyond the household. Moore (1999), for example, reports a case where the police chief in Mexico City, in hope to reduce corruption, transferred the ticket-writing authority exclusively to female traffic officers. Other female-focused policies include the introduction of female quotas in enterprises (Bertrand, 2013) or in political representation (Chattopadhyay and Duflo 2004). Implicit to these interventions, however, is the assumption that gender is a critical dimension that determines the effectiveness of policies and the quality of governance.

1. The Differential Effect of Targeting Women

Duflo (2003) provides evidence in support of the hypothesis that the gender of the recipients affects the effectiveness of social transfers. The author exploits the expansion of the South African social pension program to the black population to study the impact of the cash transfer on the well-being of the (grand)children living in the household, paying particular attention to how the effect varies across the gender of the recipient (i.e., whether the grandmother or grandfather received the pension).

The author uses a regression discontinuity design to identify the impact of the gender-specific cash transfer. Since only women above 60 and men above 65 were eligible, the identification strategy compares the well-being of children living with grandparents just below the eligibility cutoffs to children living with grandparents just above the eligibility cutoffs. To the extent that these households are comparable (apart from the fact that some fell above the cutoff and hence received the cash transfer, while others fell just below the cutoff and hence did not yet receive the transfer), comparing outcomes of these two groups allows the researcher to identify the causal impact of the intervention.

The results suggest that pensions received by women increased weight-for-height (a short-run health outcome) by 1.19 standard deviations but did not significantly benefit boys. Pensions received by men, in contrast, did not have any effect on the nutritional status of either girl or boy.

Since living with a grandmother or a grandfather *per se* could affect the health outcome through channels other than the pension scheme, Duflo (2003) corroborates the results using a difference-in-differences specification that exploits the longitudinal dimension implicit in a child's height to remove unobservable time-invariant confounds. Since the height-for-age of a child is a function of the whole nutrition history, the intuition of the difference-in-differences is to use older children as a control group for younger children. If the pension improved the outcome of the children living with the recipients, we would expect older children in eligible households to be smaller and younger children to be larger compared to the non-eligible group (since the younger children would be exposed to the program for a longer time). Again, the author finds that pensions received by women increase the health outcome (i.e., height-for-age) of girls but have no impact on outcomes of boys. Similarly, pensions received by men have no impact on either grandchild.

While the finding suggests that the efficiency of a transfer program may vary with the person targeted within the household, Duflo (2003) does not offer a conclusive explanation for the heterogeneous and gender-specific effect observed. One plausible explanation would be that the preferences of women differ from those of men, and that empowering the grandmothers through the direct cash transfer increases the likelihood that these preferences are translated into action.

Indeed, the findings of Chattopadhyay and Duflo (2004) provide direct evidence for gender-specific preferences. Collecting data on the types of complaints by men and women to the local village councils in two rural districts in West Bengal and Rajasthan, India, the authors find that the types of complaints differ significantly by gender. Women, for example, were more likely to complain about drinking water, while men complained more about roads. As Duflo (2012) points out, these differences in complaints appear to be driven by the gender-based division of responsibilities within the households.

Moving further, Chattopadhyay and Duflo (2004) find that the different preferences translate into gender-specific policy choices. To study the effect of an exogenous increase in female leaders, the authors use as a natural experiment an amendment made to the Constitution of India which required the states both to devolve more power over expenditures to the local village councils as well as reserve one-third of all positions of chief for women. Since the quota was randomly implemented, the authors can isolate the effect of a female leader by comparing the type of public goods provided in local village councils with a female chief to the type of public goods provided in councils without a female chief.

The evidence suggests that women invest more in infrastructure that is directly in accordance with the voiced complaints. In West Bengal, where women complained more often than men about water and roads, councils with a reserved female chief were more likely to invest in both water and roads. In Rajasthan, in contrast, where women complained more about water, reserved councils were more likely to invest in water than in roads. While the study also found that the women in reserved seats—given the disadvantaged initial position—were less experienced and had less ambition, lower political prospects, and a lower socioeconomic status, the authors employ a range of corroborating tests to rule out that the public goods investments are driven by these differences.

2. Governance: Female Empowerment and Corruption

The gender-specific differences in governance are observed in a wide range of related contexts. Swamy et al. (2001) draw upon both micro- and macro-level evidence to demonstrate a robust correlation between gender and corruption. The micro-level evidence stems from two data sources.

First, the authors draw upon the World Values Survey, repeated individual-level cross-sectional surveys conducted in a wide range of developed and developing countries, to highlight gender differences in the response to hypothetical questions regarding the corrupt and criminal behavior. While 77.3% of women responded that bribery is never justified, the share is significantly lower for men at 72.4%. These differences persist when broken down by countries, as well as controlling for a range of observables such as age, education, marital status, religious affiliation, and labor force participation.

Second, the authors complement the preliminary evidence using World Bank enterprise survey data covering 350 firms from Georgia, showing that firms owned or run by men are significantly more likely to be involved in bribery. While male-headed firms reported to have provided “unofficial payments” to officials in 12.5% of the cases, the frequency is once more significantly lower for female-headed firms at 4.6%. Again, these differences persist when controlling for observable firm-level heterogeneity, such as firm size, sector, or education level of the manager.

In terms of macro-level evidence, the authors draw upon subjective cross-country measures of corruption from the Political Risk Services and Transparency International to investigate the relationship between corruption and proxies for female empowerment. Consistent with the micro-level evidence, the authors find that countries with a larger share of women participating in the labor force, holding parliamentary seats, or occupying senior positions in governments have significantly lower levels of corruption. These differences persist even after controlling for country-level differences in income (gross domestic product per capita), education, religion, and other socioeconomic measures. The same conclusion is found in Dollar, Fisman, and Gatti (2001).

Despite the robust correlation, however, it is not clear how to interpret the strong correlation. Given the observational data, there are a wide range of possible confounds that could drive the association. To the extent that women are less likely to admit or acknowledge corruption, the differential micro-level results may be driven by reporting biases. In addition, even though the authors control for sector and firm size, it is likely that female-headed firms are systematically different from male-headed firms. Similarly, the macro level may be subject to reverse causality as more developed countries tend to both have lower levels of corruption and higher levels of female empowerment. If so, the robust correlations per se do not have convincing policy implications.

Indeed, it is often argued that the observed differences are less likely to be driven by inherent biological gender differences but differences in socialization, differential access to social networks (e.g., old boy networks), or experience with corrupt practices. If so, it is likely that these differences diminish in an ongoing learning process, in which case the gender dimension is ultimately an irrelevant dimension to explain differences in governance and corruption (Swamy et al. 2001; Duflo 2012).

The recent paper by Afridi and Sharan (2013) documents how the quality of governance changes as female policy makers gain experience over time. Extending the work by Chattopadhyay and Duflo (2004), the authors examine if and how political reservations for women in village councils impact the delivery of a large-scale antipoverty program, the National Rural Employment Guarantee Act (NREGA).

The authors draw upon a household survey covering a sample of 1,500 households across 300 village councils in Andhra Pradesh, exploiting the quasi-random assignment of the reserved village councils to test whether village councils reserved to be headed by a woman perform significantly different than unreserved village councils. Controlling for observables, the cross-sectional evidence suggests that households in village councils reserved for female heads are more likely to report having experienced corruption and poor quality delivery of the NREGA program. The probability of being asked to pay a bribe to obtain a NREGA job card is 6% higher in village councils reserved for a female head than in unreserved councils. Similarly, households applying for the NREGA program are significantly more likely to experience delays.

Given the quasi-random assignment of the reserved village councils, the differences are indeed likely to be driven by village councils reserved for female heads and additional data provide an explanation for a mechanism that drives the differences observed. The data suggest that reserved village council heads are recruited from a different pool than heads from unreserved village councils. Reserved village council heads are significantly likely to be younger and less educated. In addition, they are also more likely to have no prior political experience and often rely on the assistance of a friend or relative to carry out their official duties. Indeed, allowing for heterogeneous effects by interacting the treatment (i.e., being assigned to a reserved village council) with measures of experience, the interactions then suggest that the negative effect of a female village council head is substantially attenuated for (ex ante) more experienced reserved village council heads. This suggests that it may not be gender *per se* but lack of experience of the female village council heads that drives the differences in quality.

If the differences are indeed driven by lack of experience, a natural test would be to examine whether the treatment effect diminishes over time. The authors test this mechanism by drawing upon the NREGA social audit data covering 2006–2010. The panel structure enables the authors to control for subdistrict-level time-invariant heterogeneity and follow the dynamics to examine if the treatment effect—when interacted with the annual dummies—declines significantly in line with prediction. Indeed, the authors find corroborating evidence in favor of experience and the learning mechanism. The result survives a range of robustness checks where the authors allow for district-specific time trends and rule out several alternative mechanisms by proxying for potentially relevant omitted variables.

3. Discussion

Research in recent years has accumulated evidence in a wide range of contexts suggesting that gender matters for the effectiveness of public service delivery and governance. There is also encouraging evidence that quotas (and hence increased female political representation) and female role models have a long-lasting impact on the aspirations of younger cohorts (Beaman et al. 2012; Iyer et al. 2012).

Unfortunately, little research has convincingly offered answers to *why* women are less corrupt than men. A recent laboratory experiment conducted by Rivas (2013), for example, reconfirms that women are less likely to choose to take part in corrupt actions but also finds that both male and female participants expect women to be less corrupt—suggesting that these

differences may be driven by social norms and established beliefs about the behavior of given groups.

More generally, gender is only one of the many dimensions one could target (e.g., ethnicity or other minority characteristics). Even though there is strong empirical evidence that gender appears to be a relevant dimension, the open questions as to *why* and *whether* these differences persist or taper off over time (e.g., through learning or peer effects) suggest that a sole focus on improving governance and fostering development through female empowerment, while clearly a desirable outcome in its own right, may be too narrow.

As before, examining the incentive mechanisms at play may be more effective than assuming that certain subgroups are *as such* conducive or unfavorable to development. In the case of Duflo (2003) and Chattopadhyay and Duflo (2004), for example, the welfare effect is ambiguous. While the cash transfers studied in Duflo (2003) benefited the girls, the intervention showed no improvements for boys. Similarly, while Chattopadhyay and Duflo (2004) show that councils with reserved seats were more likely to provide public goods demanded by women, the effectiveness of the policies would ultimately need to be evaluated based on aggregate welfare changes. Indeed, the recent contribution by Afridi and Sharan (2013) provides more nuanced evidence that it may not be gender per se but lack of experience that explains observed differences in governance across village councils reserved for women and unreserved councils.

V. CONCLUSION

This paper reviewed current trends in public service delivery across Asia, paying particular attention to the progress made since the *World Development Report 2004*. Nine years later, the current trends reveal a mixed pattern: while some Asian countries have considerably improved their quality of public service delivery, other Asian countries have fallen back or stagnated. A direct comparison with more developed regions suggests that there still remains substantial scope for improvements. Moving to the subnational level, the evidence surveyed suggests that there still remain large within-country differences that sometimes even dwarf cross-country differences, pointing to further redistributive challenges ahead.

Based on the conceptual framework of the *World Development Report 2004*, we then highlighted the various frictions that may impede an efficient delivery of public services. First, in the presence of fractionalization and competing interests, citizen-clients may not be able to voice their preferences about the type of public goods (public choice problem). Second, government and policy makers may pursue their own interests, responding to clientelist appeals and diverting resources away for nonproductive use (principal-agent problem). Finally, contracted providers may further aggravate the principal-agent problem. Symptoms of such frictions are manifest in many developing countries: high absence rates, long waiting times, differential treatment, and embezzlement of public funds for private gain.

Based on a literature survey, we documented the magnitudes of these frictions empirically and provided case study evidence on how empowerment can directly and indirectly improve the quality of service delivery. The mechanism that translates empowerment into better outcomes is either “voice” or “exit.” In our review, interventions that strengthen the capability of the citizen-clients to monitor and sanction service providers have proven very effective in improving public service delivery outcomes. Empowering the citizen-clients to exit—by either “voting with their feet,” or pursuing outside options—can also improve service delivery by

strengthening the bargaining power of the poor. Finally, the studies have also highlighted the importance of reconciling the often competing interests various stakeholders face.

Given the diversity of countries across Asia, the extent to which the interventions reviewed can be easily replicated and scaled up in other areas may be limited. Indeed, the wide range of different interventions employed to empower citizen-clients illustrates that there may not be a single panacea that solves the public service delivery problem. Instead, the willingness to experiment and creatively adjust policies to the local context appears to be crucial to the success of public service delivery.

REFERENCES

- Acemoglu, D., S. Johnson, and J. Robinson. 2001. The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review* 91: 1369–1401.
- Acemoglu, D., and J. Robinson. 2005. *Economic Origins of Dictatorship and Democracy*. Cambridge, UK: *Cambridge University Press*.
- Afridi, Iversen, and Sharan. 2013. Women Political Leaders, Corruption and Learning: Evidence from a Large Public Program in India. *IZA Discussion Paper No. 7212*.
- Alesina, A., R. Baqir, and W. Easterly. 1999. Public Goods and Ethnic Divisions. *Quarterly Journal of Economics* 114(4): 1243–1284.
- Algan, Y., C. Hemet, and L. David. 2011. Diversity and Public Goods: A Natural Experiment with Exogenous Residential Allocation. *IZA Discussion Paper Series* 6053.
- Banerjee, A., A. Deaton, and E. Duflo. 2004. Wealth, Health and Health Services in Rural Rajasthan. *American Economic Review Papers and Proceedings* 94(2): 326–330.
- Banerjee, A., P. Gertler, and M. Ghatak. 2002. Empowerment and Efficiency: Tenancy Reform in West Bengal. *Journal of Political Economy* 110(2): 239–280.
- Banerjee, A., R. Hanna, and S. Mullainathan. 2012. Corruption. *JFK School of Government Working Paper Series No. 12-023*.
- Bardhan, P., and D. Mookherjee. 2006. Pro-Poor Targeting and Accountability of Local Governments in West Bengal. *Journal of Development Economics* 79(2): 303–327.
- Beaman, L., E. Duflo, R. Pande, and P. Topalova. 2012. Female Leadership Raises Aspiration and Educational Attainment for Girls: A Policy Experiment in India. *Science Express* Vol. 335(6068): 585–586.
- Bertrand, M. 2013. The Remaining Gender Gap: Causes and Policy Responses. 1 July. Presentation at Chicago Booth School of Business.
- Besley, T., K. Burchardi, and M. Ghatak. 2012. Incentives and the De Soto Effect. *Quarterly Journal of Economics* 127(1): 237–282.
- Bjorkman, M., and J. Svensson. 2009. Power to the People: Evidence from a Randomized Field Experiment on Community-Based Monitoring in Uganda. *Quarterly Journal of Economics* 124(2): 735–769.
- Chattopadhyay, R., and E. Duflo. 2004. Women as Policy Makers: Evidence from a Randomized Policy Experiment in India. *Econometrica* 72(5): 1409–1443.
- Chaudhury, N., and J. Hammer. 2004. Ghost Doctors: Absenteeism in Rural Bangladeshi Health Facilities. *World Bank Economic Review* 18(3): 423–441.

- Chaudhury, N., J. Hammer, M. Kremer, K. Muralidharan, and F. Rogers. 2006. Missing in Action: Teacher and Health Worker Absence in Developing Countries. *Journal of Economic Perspectives* 20: 91–116.
- Das, J., and J. Hammer. 2004. Which Doctor? Combining Vignettes and Item Response to Measure Doctor Quality. *World Bank Policy Research Paper* No. 3301.
- Djankov, S., R. La Porta, F. Lopez de Silanes, and Andrei Shleifer. 2002. “The Regulation of Entry,” *Quarterly Journal of Economics*, 117:1 (2002), 1–37.
- Dollar, D., R. Fisman, and R. Gatti. 2001. Are Women Really the “Fairer” Sex? Corruption and Women in Government. *Journal of Economic and Behavior & Organization* 46: 423–429.
- Duflo, E. 2003. Grandmothers and Granddaughters: Old-Age Pensions and Intra-Household Allocation in South Africa. *The World Bank Economic Review* 17(1): 1–25.
- . 2012. Women Empowerment and Economic Development. *Journal of Economic Literature* 50(4): 1051–1079.
- Duflo, E., P. Dupas, and M. Kremer. 2011. Peer Effects, Teacher Incentives, and the Impact of Tracking: Evidence from a Randomized Evaluation in Kenya. *American Economic Review* 101(5): 1739–74.
- Duflo, E., R. Hanna, and S. Ryan. (2013). Incentives to Work: Getting Teachers to Come to School. *American Economic Review*.
- Easterly, W., and R. Levine. 1997. Africa’s Growth Tragedy: Policies and Ethnic Divisions. *Quarterly Journal of Economics* 112(4): 1203–50.
- Ferraz, C., and F. Finan. 2008. Exposing Corrupt Politicians: The Effects of Brazil’s Publicly Released Audits on Electoral Outcomes. *Quarterly Journal of Economics* 123(2): 703–745.
- Ferraz, C., F. Finan, and D. Moreira. 2012. Corruption Learning: Evidence from Missing Federal Education Funds in Brazil. *IZA Discussion Papers* No. 6634.
- Field, E. 2007. Entitled to Work: Urban Property Rights and Labor Supply in Peru. *Quarterly Journal of Economics* 122(4): 1561–1602.
- Figlio, D., and L. Getzler. 2002. Accountability, Ability and Disability: Gaming the System, *NBER Working Papers* No. 9307.
- Glewwe, P., I. Nauman, and M. Kremer. 2010. Teacher Incentives. *American Economic Journal: Applied Economics* 2(3): 205–227.
- Goldstein, M., and C. Udry. 2008. The Profits of Power: Land Rights and Agricultural Investment in Ghana. *Journal of Political Economy* 116(6): 981–1022.

- Iyer, L., A. Mani, P. Mishra, and P. Topalova. 2012. The Power of Political Voice: Women's Political Representation and Crime in India. *American Economic Journal: Applied Economics* VOL(4): 165–193.
- Kaufmann, D., A. Kraay, and M. Mastruzzi. 2010. The Worldwide Governance Indicators: Methodology and Analytical Issues. *World Bank Policy Research Working Paper* No. 5430.
- Khwaja, A. 2008. Can Good Projects Succeed in Bad Communities? *Journal of Public Economics* 93: 899–916.
- Kitschelt, H., and S. Wilkinson. 2007. *Patrons, Clients and Policies*. Cambridge, UK: Cambridge University Press.
- Koziol, M., and C. Tolmie. 2010. Using Public Expenditure Tracking Surveys to Monitor Projects and Small-Scale Programs: A Guidebook. Washington, DC: *World Bank Publications*.
- Kremer, M., E. Miguel, and R. Thornton. 2009. Incentives to Learn. *Review of Economics and Statistics* 91(3): 437–456.
- Kremer, M., S. Moulin, and P. Glewwe. 2009. Many Children Left Behind? Textbooks and Test Scores in Kenya. *American Economic Journal: Applied Economics, American Economic Association* 1(1): 112–135.
- Martinez-Bravo, M., G. Padro-i-Miquel, N. Qian, and Y. Yang. 2011. Do Local Elections in Non-Democracies Increase Accountability? Evidence from Rural [People's Republic of] China. *CEPR Discussion Papers* No. 8368.
- Miguel, E., and M. Gugerty. 2005. Ethnic Diversity, Social Sanctions, and Public Goods in Kenya. *Journal of Public Economics* 89(11–12): 2325–2368.
- Montalvo, J., and M. Reynal-Querol. 2003. Religious Polarization and Economic Development. *Economic Letters* 80(2003): 201–210.
- . 2005. Ethnic Diversity and economic development. *Journal of Development Economics* 76: 293–323.
- Moore, M.. 1999. Mexico City's Stop Sign to Bribery; To Halt Corruption, Women Traffic Cops Replace Men. *The Washington Post*, 31 July.
- Munshi, K., and M. Rosenzweig. 2008. The Efficacy of Parochial Politics: Caste, Commitment, and Competence in Indian Local Governments. *NBER Working Paper Series* No. 14335.
- Nunn, N. 2009. The Importance of History for Economic Development. *Annual Review of Economics, Annual Reviews* vol. 1(1): 65–92.
- Olken, B. 2006. Corruption and the Costs of Redistribution: Micro Evidence from Indonesia. *Journal of Public Economics* 90(4–5): 853–870.
- . 2007. Monitoring Corruption: Evidence from a Field Experiment in Indonesia. *Journal of Political Economy* 115:200–249.

- . 2010. Direct Democracy and Local Public Goods: Evidence from a Field Experiment in Indonesia. *American Political Science Review* 104(2): 243–267.
- Pande, R. and Udry, C. 2005. Institutions and Development: A View from Below. *Yale University Working Papers* No. 928.
- Putnam, R. 1993. Making Democracy Work: Civic Traditions in Modern Italy. Princeton, NJ: *Princeton University Press*.
- Reinikka, R. and Svensson, J. 2003. Survey Techniques to Measure and Explain Corruption. *World Bank Policy Research Working Paper* No. 3071.
- . 2011. The Power of Information in Public Services: Evidence from Education in Uganda. *Journal of Public Economics* 95(7–8): 956–966.
- Rivas, F. 2013. An Experiment on Corruption and Gender. *Bulletin of Economic Research* 65(1): 10–42.
- Sequeira, S. 2012. Advances in Measuring Corruption in the Field. In D. Serra and L. Wantchekon, ed. *New Advances in Experimental Research on Corruption*. Bradford, UK: Emerald Group Publishing Limited. Chapter 6, pp. 145–175.
- Swamy, A., S. Knack, Y. Lee, and O. Azfar. 2001. Gender and Corruption. *Journal of Development Economics* 64:25–55.
- Udry, C. 1996. Gender, Agricultural Production, and the Theory of the Household. *Journal of Political Economy* 104(5): 1010–1046.
- United Nations Human Settlements Programme (UN-HABITAT). 2003. *The Challenge of Slums: Global Report on Human Settlements 2003*. London and Sterling, VA: Earthscan Publishing Limited.
- Wantchekon, L. 2003. Clientelism and Voting Behavior: Evidence from a Field Experiment in Benin. *World Politics* 55(3): 399–422.
- World Bank. 1997. ANNEX A1: The Legal and Institutional Framework. Urban Property Rights Project. World Bank Internal Paper.
- . 2004a. *Doing Business in 2004: Understanding Regulation*. Washington, DC: World Bank Publications.
- . 2004b. *World Development Report 2004: Making Services Work for Poor People*. Washington, DC: World Bank Publications and Oxford University Press.
- . 2011. CPIA 2011 Criteria. *mimeo*.
- . 2012. *World Development Report 2012: Gender Equality and Development*. Washington, DC: World Bank Publications and Oxford University Press.

Development through Empowerment:**Delivering Effective Public Services – a Literature Review**

Development Through Empowerment...empirically documents the magnitudes of various frictions that impede an efficient delivery of public services. Each channels of empowerment revisited is not a panacea that solves all public service delivery problems, but stakeholders' willingness to experiment and adjust policies to the local contexts may prove crucial to public service delivery success.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org/economics