

Empirical Tools for Governance Analysis –A New Learning Activity

The Challenge

Practitioners and researchers have increasingly focused on the link between governance and development. Novel cross-country empirical evidence indicates that poor governance and corruption can be harmful for the standard of living and the distribution of income among citizens, reducing income per capita, literacy, and increasing infant mortality. Furthermore, corruption and poor governance distort public expenditure and increase poverty reducing efficiency of investment.

These findings on the relationship between poverty and poor governance have led to the proliferation of empirical tools designed to evaluate governance – from opinion polls to public sector expenditure tracking and in-depth diagnostic surveys. Differences in the final purpose of the assessment have translated into differences in the tools and approach used. This has posed two major challenges for policymakers and development researchers:

- (i) to identify the most appropriate tools and use rigorous analysis to support countries' institutional reforms to improve governance; and
- (ii) to move beyond anecdotal evidence towards a systematic approach for measuring governance and its determinants for economic and social development.

The Program

To help to address these challenges, the World Bank Institute has developed an innovative, integrated learning program. This program provides a general framework to evaluate governance built on the lessons learnt about the “what” and the “how”. In the process it offers a systematic overview of the many existing tools used by The World Bank and other policy institutions. This learning activity targets practitioners and policymakers who are, or plan to be, involved in governance issues through assessments and monitoring-related activities, but who have not been given the opportunity to familiarize themselves with the range of tools already developed nor with the techniques to use the data collected with such tools. The two-day program include more traditional learning activities as well as interactive, internet-based sessions.

Learning Goals

The main objective of this course is to promote in-country capacity building in the areas of monitoring and evaluation, and policy making. In particular, this learning activity aims to:

- promoting a better understanding among local practitioners and officials of statistical agencies on how good governance can be measured and monitored;
- familiarizing practitioners and policymakers with the existing diagnostic tools, monitoring systems, and statistical approaches;
- providing participants with a framework for the selection of an appropriate diagnostic tool to use;
- introducing alternative approaches to data collection and policy design, focusing in particular on in-depth diagnostic tools and analysis of survey data.

Our Approach

To assist participants in choosing among alternative empirical tools and utilizing them, we will introduce an overall framework for thinking about governance assessment. This framework comprises four key building blocks:

- the *empirical tools* used
- the *process* by which the assessment is implemented
- the *sample* defined for the assessment
- the *type of analysis and use* of the data collected

To understand the links and interaction between these building blocks, we will focus on their main features and components. Special emphasis will be placed on the review of in-depth diagnostic tools while addressing some general methodological issues that can influence the quality of governance data collected through the different empirical tools. This allows participants to familiarize themselves with the existing instruments and statistical methods used to assess and monitor governance

Governance assessment and capacity building

Governance assessment tools cannot be thought separately from their final purpose, especially in the case of action planning. These tools not only can increase the understanding of the mechanisms behind poor governance, but can also promote consensus-building for reforms and act as a catalyst for change by empowering policymakers with rigorous and objective information. Thus, empirical tools to assess governance should be thought as one of the elements in the overall governance approach to action planning. This overall approach will be discussed during the course in order to provide participants with concrete tools that will allow them to provide inputs and recommendations for the design of policy reform for better governance.

Methodology and Learning Products

The program uses the latest technology and multiple training methods to engage and enrich participants. Class-room presentations and group work focus on critically examining newly developed tools and procedures used up-to-date. Text, graphic, and interactive learning programs are stored and distributed on CD-ROMs and used as reference materials. The Program's web site is located at www.worldbank.org/wbi/governance. The multipurpose web site serves as a link to the material, tools and illustration presented during the course. It also provides access to all World Bank data bases and material on governance and public sector reform and to links to other relevant sites and learning programs.

Course Offerings and Location

Location: Costa Rica, November 17 and 18, 2004

For more information, please contact:

Francesca Recanatini
World Bank Institute
frecanatini@worldbank.org

Juanita Riano
World Bank Institute
jriano@worldbank.org

The World Bank

AGENDA

November 17-18, 2004

Course Outline

Focus: Empirical Tools to Measure Governance

Learning goal: To explore scope, analysis and use of diagnostic tools for governance evaluation

First Day

9:00 – 9:30 Session I : Opening remarks and Introduction: Governance Assessment: definition and role. - Francesca Recanatini, Senior Economist, World Bank Institute

The objective of the opening session is to explain participants what is governance, what is the importance of measuring it, what can be done with the results of the assessment stressing the sensitiveness of the collected data.

9:30 - 10:45am. Session II: Re-thinking Governance – Dani Kaufmann, Director, World Bank Institute
The challenges to measure governance and a practical exercise using the Worldwide Governance Research Indicators dataset 1996-2002 (interactive data, with computer).

10:45 – 11:00am. Coffee Break

11:00 – 11:45am. Session III. The Starting Point

Using a common definition of governance, participants assembled into small groups (by countries) would discuss and agree on a governance dimension that they have had or would like to analyze. The outcome of each working group is shared with the rest of the participants

11:45 am –12:30 pm Session IV. Governance Assessment: A Cognitive Approach. (Francesca Recanatini, Senior Economist, World Bank Institute)

This session introduces a framework to think about governance assessment and discusses different instruments available, their appropriateness and applicability.

12:30 – 1:30 pm Lunch Break

1:30 – 2:30 Session V. Guest Speaker Ronald Maclean Abaroa, Lead Public Sector Specialist, World Bank Institute, “A case study: Implementing Governance Reforms in La Paz”

2:30 – 3:30pm Session VI. "Methodological Lessons and Challenges from Government Assessments"–Nora Garita, Senior Specialist, International Center for Human Development, Costa Rica

3:30 –3:45 pm. Coffee Break

3:45 – 4:30pm Session VII. Types of collected data: Advantages and disadvantages. (Francesca Recanatini, Senior Economist, World Bank Institute)

- Quantitative
- Qualitative
- Mixed methods

4:30 – 5:00pm Session VIII Using Multi-pronged Diagnostic Surveys – Introduction and Rationale
(Francesca Recanatini / Juanita Riano, World Bank Institute)

This session focuses on the importance of triangulating the data on governance. It also emphasizes the potential political economy challenges related to governance reform implementation and suggests a possible solution based on participation and collective action

5:00 – 5:30am Session IX. Diagnostic surveys: Enterprises (Juanita Riano, Economist, World Bank Institute)

This session describes the content of enterprises diagnostic surveys and how to use this approach to measure different dimensions of governance and corruption.

- Description of instruments
- Basic frequencies and cross-tabulations using simple answers as approach to analyze the following governance dimensions:
 - Costs of corruption (Amounts paid as bribes, discouraged bidders, percentage of forfeit invoice) – What are they? How to measure them? Is corruption regressive?
 - Putting losses due to corruption in context: compare amount paid in bribes to amount paid in security.
 - What are costs of bureaucracy? Do they differ for firms belonging to business associations and those not belonging? e.g. time spent in dealing with government officials, discouraged investors, regulatory burden.
 - Political contributions: how are they seen by enterprises?
 - Corruption
 - Judicial system: what do managers think about the system? Use of alternative mechanisms of conflict resolution, bribes paid to judicial officials, obstacles to access/better quality of the system.
 - Willingness to pay to eliminate corruption: What does it mean?
 - Bidding process: Bureaucracy and corruption: What do managers think?
 - State capture: What is it, forms, effects on country's business environment, channels.
 - Perception about integrity of institutions.

5:30 – 6:00pm. Summary of the day

Second day

9:00 – 9:30am. Session X. – Diagnostic surveys: Households and Civil Society Organizations –
(Juanita Riano, Economist, World Bank Institute)

This session describes the content diagnostic surveys applied to households and to organizations from civil society and how to use these instruments to measure different dimensions of governance and corruption.

- Description of instruments
- Basic frequencies and cross-tabulations using simple answers as approach to analyze the following dimensions:
 - Overall quality of public services as rated by users.
 - Do bribes improve public-service provision or not?
 - Focusing on services that have been identified as key for development – education and health. (Efficiency of public service providers as compared to private providers)

- Effectiveness of complaints mechanisms in public-service providers.
- Frequency of bribes by service/agency.
- Costs of corruption (discouraged users, amounts paid as bribes) – What are they? How to measure them? Is corruption regressive?
- Judicial system: what do households think about the system? Use of alternative mechanisms of conflict resolution, bribes paid to judicial officials, obstacles to access/better quality of the system.
- Willingness to pay to eliminate corruption: What does it mean?
- State capture: What is it, forms, effects on country's business environment, channels.
- Perception about integrity of institutions.
- Efficiency of mechanisms to report corruption, or why do they fail?

9:30am –10:00am. Session XI. Diagnostic Survey - Public officials (Francesca Recanatini and Ana Bellver, World Bank Institute)

This session describes the content of public official surveys and how to use this approach to measure different dimensions of governance and corruption. The following aspects are covered:

- Description of instruments and questions used
- Basic frequencies and cross-tabulations using simple answers as approach to analyze the following dimensions:
 - Households and civil Society Organizations
 - Different dimensions of governance.
 - Bribes are not the only type of corruption (explain different types of corruption).
 - Public institutions as service providers: How do they evaluate themselves?
 - Public sector reforms: how are they seen by public officials?

10:00-10:45am. Session XII. Adapting a tool to your governance challenge.

Assembled in small groups, participants discuss the type of data and analysis they would need to measure the governance dimension selected during the morning working groups.

10:45-11:00 Coffee Break

11:00 –12:00 pm Session XIII. Sampling –Juan Muñoz, Sistemas Integrales, Chile

- Tradeoffs in sample design
- Which are the necessary steps to implement the field work.

12:00 –1:00pm Session XIV. Field Work- Juan Muñoz, Sistemas Integrales, Chile

- How do you organize your teams for the field work?
- How to facilitate the field work to the team collecting the data: promotion of the diagnostic work.
- How do you recruit and train the team given the very sensitive nature of the data.
- Supervision of the collection team.

1:00 – 2:15 pm Lunch

2:15 – 3:30 pm Session XV: Putting the picture together. (Juanita Riano/ Francesca Recanatini, World Bank Institute)

This session describes different dimensions of governance and corruption measured jointly by the diagnostic surveys, and provides illustrations using the following analytical approaches:

- Responses from the three groups of respondents need to be assembled together to understand the situation. What is triangulation and why is it needed? Illustrations:
 - Types of corruption: views from public officials vs. those of managers and households about its existence, the effect it has on the business environment of the country.
 - Provision of public services: users' perception vs. public officials opinions.
 - Integrity of institutions: do the three respondents agree about their evaluation.
 - Does the country agree on the need of certain public sector reforms?
- The challenge of missing responses: given the sensibility of the data, "don't know" answers are very common, however, is there a pattern? can we extract information from them? Or can we use them to identify institutional vulnerabilities?
- Construction of indices (Factor analysis technique).
- WBI Indicators of institutional performance: How do we measure governance and corruption
 - What are the indicators? Advantages (differences) as compared to other indicators (e.g. TI indicator) and challenges
 - Interpretation (examples)
 - Methodology
 - Exploring differences: institutional, regional, institutional by region, central vs. local governments.
- Indicators vs. public officials' perception about corruption within own institution.
- Correlations using simple answers and/or using indices constructed from data.
- Regressions using simple answers and/or using indices constructed from data.
- Correlation vs. Causality.

3:30– 3:45pm. Coffee Break

3:45 –4:30pm Session XVI. Plenary Discussion

4:30 –5:15pm. Session XVII. Use of the results (Francesca Recanatini, Senior Economist, World Bank Institute)

- How to present results to the public after its analysis: Stress the importance of presenting comparisons within and/or between groups of respondents across regions, cities or agencies on the different workshops. The comparisons presented need to be chosen depending on where the presentation is held.
- How to avoid the manipulability of results after being presented. (Discuss here different implications of using correlation vs. causation analysis.)

5:15-5:30pm. Session XVIII. Evaluations and Closing Remarks