



## Helpdesk Research Report

# New thinking on governance issues

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### Question

*Provide relevant sources for the most recent new thinking on the following governance issues: political economy, public administration, public financial management, procurement, and social accountability.*

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## 1. Overview

There is a wide and diverse literature on political economy, public administration, public financial management, procurement, and social accountability. This literature search is neither comprehensive nor exhaustive, but instead a rapid review that looks to identify literature that provides novel approaches or insights, as well as notable literature that provides a good overview or foundation on the issues.

Key websites consulted for this review include the GSDRC library, DFID's Research for Development (R4D) and the University of Birmingham literature search facility 'Findit@Bham'. In each section of the report, a selection of relevant GSDRC helpdesk reports are included because they highlight direct questions asked by the agencies that we serve. Literature included in this review has been published within the last five years, with the most recent literature presented first.

## 2. Political Economy

Wood, G. (2013). *Architects and Contractors: Political Economy Analysis of Policy Research in Pakistan*. Pakistan: Sustainable Policy Development Institute (SDPI).

[http://r4d.dfid.gov.uk/pdf/outputs/PubPolRes/61045\\_Paper1\\_Architects\\_and\\_Contractors\\_PoliticalEconomyAnalysis.pdf](http://r4d.dfid.gov.uk/pdf/outputs/PubPolRes/61045_Paper1_Architects_and_Contractors_PoliticalEconomyAnalysis.pdf)

This political economy analysis of the research-to-policy interface in Pakistan finds that the decentralisation of many government functions and services changed the Planning Commission's role from detailed command planning towards more indicative planning, with a focus on inclusive growth and developing human capital and infrastructure. Findings suggest that links between research and policy in Pakistan are weak due to political insecurity and volatility which prompts short-term, highly politicised decision making rather than evidence-based choices and policy. The impact of research on policy is weak in part because policy makers do not have the capacity or incentives to absorb complex analysis. Participants in this study said that donors dominate the public policy research space through funding and commissioning, but tend to have short term, project-focused priorities and do not build long-term capacity or engage with the long-term development narrative or strategy of the country. Research outlets are relatively few and highly concentrated and there are many barriers to undertaking research and to its uptake.

Harris, D. & Booth, D. (2013). *Applied political economy analysis: five practical issues*. London: ODI.

<http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8193.pdf>

This report argues that five things are more important than the labels and diversity of available frameworks: different models for integrating political economy analysis into operations; how political economy exercises vary in scope and purpose; the appropriate timing of political economy work; defining quality and the necessary skills and expertise; and achieving and monitoring uptake into programmes. It draws on more than a decade of practical experience with applied political economy in development work and aims to provide basic guidance for newcomers to the field.

Hout, W., Hughes, C., Hutchison, J., & Robison, R. (2013). *Political Economy Analysis and the Aid Industry: The Road to Nowhere?* 54th Annual Convention of the International Studies Association.

[http://repub.eur.nl/res/pub/39567/Metis\\_187293.pdf](http://repub.eur.nl/res/pub/39567/Metis_187293.pdf)

This report identifies three major problems with the way in which political economy analysis is used in donor agencies: that the interests of and conflicts within donor governments need to be understood to see why the PEA implications are not implemented; the nature of the donor-recipient relationship impacts on the ability of donors to influence reform in developing countries; and there is an assumption that development can be defined in terms of 'public goods' characteristics.

Nhate, V., Massingarella, C., & Salvucci, V. (2013). *The political economy of food price policy: Country case study of Mozambique*. WIDER Working Paper No. 2013/037. Helsinki, Finland: UNU-WIDER.

[http://www.wider.unu.edu/publications/working-papers/2013/en\\_GB/wp2013-037/\\_files/89466809751699516/default/WP2013-037.pdf](http://www.wider.unu.edu/publications/working-papers/2013/en_GB/wp2013-037/_files/89466809751699516/default/WP2013-037.pdf)

The 2007-09 global price shocks affected the prices of food commodities and fuel. As a consequence, Mozambique experienced reduced exports, more expensive imports and increased food and oil prices, contributing to the stagnant poverty rates registered in 2008/9. The analysis finds that domestic prices for

imported food crops only partially followed international trends, and remained high even after international prices declined. The policy responses adopted by the Mozambican government to stabilize the impact of price shocks in the domestic market seem to have been effective, even though they turned out to be costly in terms of lost revenue and increased debt.

**Bunse, S. & Fritz, V. (2012). *Making public sector reforms work: political and economic contexts, incentives, and strategies*. Policy Research Working Paper WPS6174. Washington, DC: World Bank.**

<http://www->

[wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/08/20/000158349\\_20120820104731/Rendered/PDF/wps6174.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/08/20/000158349_20120820104731/Rendered/PDF/wps6174.pdf)

This paper identifies factors that can facilitate or inhibit public sector reforms, and reviews experience from World Bank public sector operations from 2000 to 2010. It finds that at the implementation stage of reform, political costs frequently outweigh potential gains, so that reforms are abandoned or left to wither. Real breakthroughs have been achieved in countries experiencing major structural shifts and those having political leadership committed to higher-level goals. The review of operations shows that successful projects are significantly more widespread than the literature would lead one to assume. It also provides tentative evidence that investing in understanding political economy drivers has been associated with better project performance. Key implications are the need to differentiate between country contexts more clearly ex ante, concentrate more on reform implementation during windows of opportunity that are typically of limited duration, and design reforms with a clear plan of engagement with stakeholder incentives.

**Copestake J. and Williams R. (2012). *The Evolving Art of Political Economy Analysis: Unlocking its Practical Potential Through a More Interactive Approach*. Oxford, UK: Oxford Policy Management.**

[http://www.opml.co.uk/sites/opml/files/OPM\\_DF\\_PEA.pdf](http://www.opml.co.uk/sites/opml/files/OPM_DF_PEA.pdf)

This OPM Development Futures paper argues that a more interactive and flexible approach to PEA is required if PEA is to realise its full potential. This entails combining analysis of the macro-politics of recipient country interests with the micro-politics of stakeholder relations, including more self-reflection on the part of donors and consultants.

**Kooy, M. & Harris, D. (2012). *Political economy analysis for water, sanitation and hygiene (WASH) service delivery*. Project Briefing No 77. London: ODI.**

[http://r4d.dfid.gov.uk/PDF/Outputs/Water/WaSH\\_PEA-Briefing.pdf](http://r4d.dfid.gov.uk/PDF/Outputs/Water/WaSH_PEA-Briefing.pdf)

Governance challenges in water, sanitation and hygiene (WASH) service delivery are common across countries, but the solutions are not. Informed by political economy analysis, context-specific responses have the potential to be both more efficient and more effective in increasing access to WASH services. This project briefing provides a number of recommendations for practitioners using PEA in the WASH sector, drawing on ODI research in Viet Nam and Sierra Leone.

**Berhanu, K. (2012). *The Political Economy of Agricultural Extension in Ethiopia: Economic Growth and Political Control*. FAC Working Paper 42. Brighton, UK: Future Agricultures Consortium (FAC). [http://r4d.dfid.gov.uk/PDF/Outputs/Futureagriculture/FAC\\_Working\\_Paper\\_042.pdf](http://r4d.dfid.gov.uk/PDF/Outputs/Futureagriculture/FAC_Working_Paper_042.pdf)**

The central argument in this paper is that, for the past two decades, state-led agricultural extension in Ethiopia has excluded non-state actors and facilitated uncontested control of public space by the incumbent Ethiopian People's Revolutionary Democratic Front (EPRDF). In addition to its presumed economic ramifications, the agricultural extension scheme, which is a major component of transforming smallholder agriculture, is driven by political imperatives aimed at effectively controlling the bulk of the Ethiopian electorate whose votes are crucial to the regime's perpetuation in power.

**Poole, A. (2011). *Political Economy Assessments at Sector and Project Levels*. How-To Note. Washington, D.C.: World Bank. <http://www.gsdr.org/docs/open/PE1.pdf>**

This note draws on past experience to provide an introduction to political economy (PE) assessment for World Bank sector- and project-based operational teams. The last decade of experience has demonstrated that PE assessments can improve project design, lessen risk, explain why reform champions may fail to deliver, and can promote more thoughtful engagement with client governments.

**Barma, N.H., Kaiser, K., Minh Le, T., & Vinuela, L. (2011). *Rents to riches? The political economy of natural resource-led development*. Washington, DC: World Bank. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/12/08/000333037\\_20111208233949/Rendered/PDF/659570PUB0EPI10737B0Rents0to0Riches.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/12/08/000333037_20111208233949/Rendered/PDF/659570PUB0EPI10737B0Rents0to0Riches.pdf)**

This book presents an analytical framework for assessing a country's political economy and institutional environment as it relates to natural resource management. It offers targeted prescriptions across the natural resource value chain aimed at helping development practitioners unravel the political economy dynamics surrounding natural resource management. Case studies examine the political economy of the hydrocarbon and mineral value chains in 13 countries in the Africa, East Asia and Pacific, and Latin America and the Caribbean regions. The book highlights the current frontier of applied political economy analysis on resource dependence, and synthesises empirical and theoretical material with an emphasis on implications for operational engagement in resource-dependent settings.

**Cooksey, B. & Kelsall, T. (2011). *The political economy of the investment climate in Tanzania*. Africa Power and Politics Research Report 01. London: ODI. <http://r4d.dfid.gov.uk/PDF/Outputs/APPP/20110606-appp-research-report-01-cooksey-kelsall-june-2011.pdf>**

Tanzania suffers from an imperfect form of liberal democracy and high corruption, but has attracted high levels of foreign investment over the past fifteen years and is predicted by the IMF to be one of the fastest growing countries in the world over the next decade. However, this report rejects the idea that Tanzania is a case of achieving development without conforming to 'good governance' orthodoxy. Drawing links between the management of economic rents and the climate for business and investment, it shows that rent-management in Tanzania remains largely decentralized and undisciplined, with harmful consequences for investors. In previously fast-growing sectors like mining, investors are increasingly circumspect, while high potential areas like horticulture appear largely ignored. The result is that recent increases in economic growth – which have yet to have a discernible impact on poverty reduction – are likely to be ephemeral.

The authors conclude that Tanzania is a case of ‘non-developmental patrimonialism’, and its regime is likely to face a mounting legitimacy crisis in coming years.

### ***GSDRC Helpdesk Reports and Topic Guides***

**Browne, E. (2014). *Gender in Political Economy Analysis*. GSDRC Helpdesk Research Report 1071. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/docs/open/HDQ1071.pdf>**

In general, gender is not systematically included in political economy analysis (PEA). Although PEA policy and guidance notes do contain some gender questions, this is rarely reflected in the degree to which gender features in completed PEA studies. This report highlights examples of gender-oriented analytical questions used in common PEA tools, which are only a small proportion of the total questions asked in a PEA. The few PEA studies identified that do incorporate gender focus on the role of gender in society, women in positions of power and influence, and representation and influence of women’s groups.

**Mcloughlin, C. (2013). *PEA in the mining/extractives sector*. GSDRC Helpdesk Research Report no. 1029. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/docs/open/HDQ1029.pdf>**

There is limited literature on the relevance and applicability of PEA to the mining sector. Many PEA studies are not released into the public domain due to their political sensitivity. According to experts contacted for this rapid report, PEA has not been widely applied to development interventions in this area. However, the World Bank has been somewhat active, funding 11 studies in over the past 5 years, under the rubric of its Governance Partnership Facility. The limited available literature suggests that the particular relevance of PEA to mining is that it can help development agencies to understand the (potential) impacts of mining on development, relationships between actors, elite incentives and the potential for ‘resource curse’, rent distribution, and the feasibility of reform.

**Rao, S. (2013). *Political economy analysis for economic and private sector reforms*. GSDRC Helpdesk Research Report 971. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/docs/open/HDQ971.pdf>**

This report identifies examples of political economy analyses (PEA) used to support economic and private sector (EPS) policy or institutional reforms. It looks at the range of PEA tools and approaches relevant to EPS reform, describes approaches in use by key donors, and outlines case studies illustrating how PEA can impact EPS reform. The report finds that it is inherently difficult to identify how widely PEA is used to support EPS programming. PEA is one of a number of factors that can influence programming and implementation, and it is difficult to state categorically that a PEA had a definitive impact on reforms. It is also likely that there are a large number of PEAs undertaken internally by donors and other organisations which may influence policy and institutional reforms in ways that would not be visible externally.

**Mcloughlin, C. (2012). *Topic Guide on Political Economy Analysis*. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/docs/open/PEA.pdf>**

This topic guide provides pointers to some of the key literature on donor approaches to political economy analysis and its effectiveness in different contexts. It includes examples of analyses and tools applied at country, sector and programme level.

Haider, H. and Rao, S. (2010). *Political and Social Analysis for Development Policy and Practice: An Overview of Five Approaches*. Emerging Issues Paper. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/docs/open/EIRS10.pdf>

This paper provides an overview of five tools and frameworks for political and social analysis: Power Analysis, Drivers of Change, Strategic Corruption and Governance Analysis, Poverty and Social Impact Analysis, and Problem-Driven Political Economy Analysis. Under each tool or framework, it discusses how to use the tool (research methods, processes, outputs, and elements of the approach); skills and resources required; the value added and operational impact of the approaches; key challenges; and linkages with other analytical tools.

### 3. Public Administration

Hillman, B. (2013). *Public Administration Reform in Post-Conflict Societies: Lessons From Aceh, Indonesia*. *Public Administration and Development*, 33(1), 1-14. <http://dx.doi.org/10.1002/pad.1643>

Post-conflict reconstruction programmes increasingly include components designed to strengthen the performance of the public service and to support public sector reform. Although there is a growing body of literature on the relationship between public administration, and peace and development, there have been few case studies of donor efforts to strengthen public administration as part of post-conflict reconstruction. This study examines efforts to strengthen the civil service in Aceh, Indonesia, following the province's first post-conflict elections in 2006. It examines the impact of a donor-funded programme designed to assist Aceh's first post-conflict administration (2007–2012) to reform its personnel management practices. The case study sheds light on weaknesses in current donor approaches to public administration reform in post-conflict situations.

Rondinelli, D. A. (2013). *Development projects as policy experiments: An adaptive approach to development administration*. Routledge.

Continuous testing and verification is required if development activity is to cope effectively with the uncertainty and complexity of the development process. This book proposes an approach which focuses on strategic planning, administrative procedures that facilitate innovation, responsiveness and experimentation, and on decision-making processes that join learning with action.

Cheung, A. B. L. (2013). *Can There Be An Asian Model of Public Administration?* *Public Administration and Development*, 33(4), 249-261. <http://dx.doi.org/10.1002/pad.1660>

This article explores the concept of an 'Asian model' of public administration. It argues that there is no single universal model of public administration that satisfies all national political and cultural situations. Each public administration system is shaped by its own national traditions and historical evolution, and the historical process is as important as the horizontal process of policy learning and transfer from other countries. Asia has been under-represented in the study of contemporary public administration theories and practices. The article does not argue for an Asian-dominated governance model, but notes that the rapid social and economic growth of some emerging Asian nations casts doubt on deterministic 'good governance' models driven predominantly by Western experience.

**Goldfinch, S., DeRouen, K., & Pospieszna, P. (2013). Flying Blind? Evidence For Good Governance Public Management Reform Agendas, Implementation And Outcomes In Low Income Countries. *Public Administration and Development*, 33(1), 50-61. <http://dx.doi.org/10.1002/pad.1614>**

Although considerable resources and attention have been allocated to ‘good governance’ public management reform in low income and fragile states, there is little evidence about the degree to which this agenda has been implemented, or about whether it has led to improved services and outcomes for populations. To address this gap, the authors reviewed the large but almost entirely qualitative literature on good governance reform in the 49 countries classed as low income by the United Nations. They find only a small number of documents that link good governance public sector reform agendas with implementation, and even fewer that assess outcomes. They conduct an empirical analysis of the relationship between reform agendas, implementation, service delivery and outcomes, and conclude that there is little, if any, evidence that reform enhances service delivery.

**McCourt, W. (2012). Can Top-Down and Bottom-Up be Reconciled? Electoral Competition and Service Delivery in Malaysia. *World Development*, 40(11), 2329-2341. <http://dx.doi.org/10.1016/j.worlddev.2012.03.023>**

Top-down versus bottom-up is one of development’s enduring tensions, not least in public service delivery. In Malaysia, public services have traditionally been animated from the top down. Bottom-up forces in civil society have strengthened recently, but so too have top-down forces, and their impact on public services is greater. Malaysia’s experience suggests that where electoral competition gives politicians an incentive to respond to voters’ service preferences, top-down initiatives have the greater potential for large-scale social change. Participatory initiatives will be most effective when they play a supplementary role.

**Everest-Phillips, M. (2010). State-Building Taxation for Developing Countries: Principles for Reform. *Development Policy Review*, 28(1), 75-96. <http://dx.doi.org/10.1111/j.1467-7679.2010.00475.x>**

This article explores the practical implications of adopting a state-building approach to tax reform. It identifies seven operating principles as the essential characteristics for state-building taxation: political inclusion; accountability and transparency; perceived fairness; effectiveness; political commitment to shared prosperity; legitimisation of social norms and economic interests; and effective revenue-raising. It also offers recommendations on potential reforms to implement them, illustrated by DFID/World Bank tax reforms in Yemen, Sierra Leone and Vietnam.

### ***GSDRC Helpdesk Reports and Topic Guides***

**Rao, S. (2014). *Prioritising and sequencing public sector reform*. GSDRC Helpdesk Research Report 1080. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdr.org/docs/open/HDQ1080.pdf>**

This report finds that there is a great deal of literature that alludes to the importance of prioritising and sequencing reform, but very little that specifically defines the order in which reforms should take place. One exception to this is in public financial management, where there is significant literature that highlights how reforms should be ordered.

**Rao, S. (2012). *Impact of demand-led technical assistance and cooperation on public sector reforms*. GSDRC Helpdesk Research Report 850. Birmingham, UK: GSDRC, University of Birmingham.**  
<http://www.gsdrc.org/docs/open/HDQ850.pdf>

The report identifies evidence that the provision of demand-led technical assistance and cooperation has helped support governments to undertake public sector reforms (PSR), particularly for improving economic governance and inclusive growth in the Middle East and North Africa (MENA). While there are no cases that demonstrate unambiguously that improved economic governance and inclusive growth has been the result of demand-led technical assistance, literature that evaluates technical assistance and public sector reforms shows that reforms can remove constraints on inclusive growth. This report: identifies case studies that document reforms in MENA and show how further reform is possible; makes the case for technical assistance and identifies enabling parameters; and outlines the thinking behind the contention that PSR can lead to inclusive growth.

**Rao, S. (2012). *Impact of municipal billing systems on revenue collection*. GSDRC Helpdesk Research Report 847. Birmingham, UK: GSDRC, University of Birmingham.**  
<http://www.gsdrc.org/docs/open/HDQ847.pdf>

This report shows that in many countries, reforming billing processes and strengthening collection processes has improved revenue collection. Some experts argue that billing systems based on consumption are more likely to be paid by individual users. Other measures to improve revenue collection include computerising customer databases and billing systems. Eliminating human handling from billing processes has been seen to prevent fraud and billing errors, and some advocate pre-payment as a means of increasing collections. A number of case studies illustrate the improvement of revenues through better billing and collection processes; most of these are from the water sector.

**Earle, L. & Scott, Z. (2009). *Assessing the Evidence of the Impact of Governance on Development Outcomes and Poverty Reduction*. Birmingham, UK: GSDRC, University of Birmingham.**  
<http://www.gsdrc.org/docs/open/EIRS9.pdf>

This paper synthesises academic and donor research on the impact of governance work on poverty reduction and development outcomes. On public administration reform there is consensus that there is a strong link between improvements in the efficiency and accountability of public institutions and developmental outcomes. The potential of reform has not always been realised due to contextual factors and to poor design of interventions, but there are a few examples of reform impacting on development and some evidence of donor impact in this area.



## 4. Public Financial Management (PFM)

**Allen, R., Hemming, R., & Potter, B. (Eds.). (2013). *The International Handbook of Public Financial Management*. Palgrave Macmillan.**

The *Handbook* is a comprehensive guide to public financial management aimed at a broad audience. It covers both 'bread-and-butter' topics such as the macroeconomic and legal framework for budgeting, budget preparation and execution, audit and oversight, as well as specialist subjects such as government payroll systems, local government finance, fiscal transparency, and political economy aspects of budgeting. The book sets out numerous examples and case studies describing good practice in public financial management.

**Krause, P. (2013). *Budgeting in the real world: the 2013 CAPE Conference framing paper*. November 2013. London: ODI. <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8671.pdf>**

This framing paper explores contemporary research, debates and questions on budgeting in the real world. This relates to budgeting being messier and more political, and the differences between how it actually happens and how it should. The paper notes that budgeting is the foundation of everything important in the public sector, that it is not easy to delineate the boundaries of budgeting and PFM and that there is a contrast between political challenges and technical solutions.

**Lough, O., Mallett, R. and Harvey, P. (2013). *Taxation and livelihoods: A review of the evidence from fragile and conflict-affected rural areas* ICTD Working Paper 11. Brighton / London: International Centre for Tax and Development and the Secure Livelihoods Research Consortium . [http://www.ictd.ac/sites/default/files/ICTD.SLRC%20WP11\\_0.pdf](http://www.ictd.ac/sites/default/files/ICTD.SLRC%20WP11_0.pdf)**

This literature review notes that the evidence base on tax and livelihoods in low-income rural areas is thin but suggests that, in many developing country contexts, a variety of forms of taxation take place at once. These involve multiple actors, operate at formal and informal levels, and are accorded varying degrees of legitimacy by the population on which they are levied. The paper suggests a broad definition of taxation, which captures both its formal and informal dimensions.

**OECD. (2012). *Practitioner's Guide to Using Country PFM Systems*. Paris, France: OECD. <http://www.oecd.org/dac/effectiveness/49066168.pdf>**

This Practitioner's Guide identifies different donor approaches on the use of country systems in different country contexts (middle income, low income, fragile states); for different components (planning, budgeting, accounting, auditing); and for different aid modalities (budget support, project support). The Guide sets out a number of recommendations on using country systems which informed the recommendations in the Manila Consensus on PFM.

OECD. (2012). *Practitioner's Guide to Strengthening Country PFM Systems*. Paris, France: OECD. Volume I: <http://www.oecd.org/dac/effectiveness/48782679.pdf> . Volume II Country Cases: <http://www.oecd.org/dac/effectiveness/48782733.pdf>

Based on case study evidence this Practitioner's Guide to Strengthening Country PFM Systems outlines both 'good' and 'bad' practices in how donors support capacity development in PFM, and identifies expectations from countries for donor support to their capacity development efforts in PFM. The Guide outlines a number of recommendations and approaches to respond to capacity development demand from countries, how to design support programmes, and how implement capacity development in PFM.

Fjeldstad, O-H., Schulz-Herzenberg, C., & Hoem Sjursen, I. (2012). *Peoples' views of taxation in Africa: A review of research on determinants of tax compliance*. CMI Working Paper WP 2012:7. Bergen: Chr. Michelsen Institute. <http://www.cmi.no/publications/file/4577-peoples-views-of-taxation-in-africa.pdf>

This paper examines the analytical foundation, methodological approaches and the key findings of available empirical literature on taxpayer behaviour in Africa. Attempts to broaden the tax base require insights into how citizens experience and perceive the tax system. Attitude and perception surveys of current and potential taxpayers may also help to identify perceived weaknesses of the tax system, and enable tax authorities to focus attention efficiently on high-risk categories of taxpayers.

Fritz, V., Fialho Lopes, A.P., Hedger, E., Tavakoli, H. & Krause, P. (2012). *Public Financial Management Reforms in Post-Conflict Countries*. Washington, D.C.: World Bank. Synthesis report: [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/06/15/000356161\\_20120615033527/Rendered/PDF/699640WPOP1206070023B0PFM0Web0Final.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/06/15/000356161_20120615033527/Rendered/PDF/699640WPOP1206070023B0PFM0Web0Final.pdf) . Briefing note: [http://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resources/285741-1361973400317/GPSM1\\_v1.pdf](http://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resources/285741-1361973400317/GPSM1_v1.pdf)

The review draws a number of lessons about what PFM reforms have worked and why, and explores the connection to overall state-building and improvements in service delivery. Budget execution reforms progressed further in more countries than reforms related to budget planning or budget accountability. Existing approaches have found relatively successful ways of supplementing capacity gaps in the short to medium term, but longer-term capacity development has often remained inadequate, especially in lower-income post-conflict countries. There is no standard sequence; reform design and progression depended on existing PFM systems, characteristics of the country and commitment by political and technical leaders.

Simson, R., Sharma, N. & Aziz, I. (2011). *A guide to public financial management literature for practitioners in developing countries*. London: ODI. <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7542.pdf>

This guide has been prepared for newcomers to the field of PFM who want to familiarise themselves with the introductory literature, as well as practitioners broadening their PFM knowledge beyond their own area of expertise. The paper provides an overview of the budget cycle architecture and recommends literature that describes what a sound PFM system looks like and explains why. The paper also sheds light on the gap between theory and practice, tackling the challenges low capacity and political and economic realities pose for the ideal PFM system.

de Renzio, P., Andrews, M. & Mills, Z. (2011). *Does donor support to public financial management reforms in developing countries work? An analytical study of quantitative cross-country evidence*. London: ODI. <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7098.pdf>

This study brings together available quantitative evidence on the quality of PFM systems, to assess the factors that are associated with and may have determined cross-country differences and variations over time, with a particular focus on the impact of donor support to PFM reforms. The report finds that economic factors are most important in explaining differences in the quality of PFM systems. Aid-related factors, on the other hand, have more limited explanatory power. PFM systems are more likely to improve in response to changing economic circumstances rather than to donor efforts, but donor PFM support is still positively and significantly related to the quality of PFM systems.

### ***GSDRC Helpdesk Reports and Topic Guides***

Rao, S. (2013). *Measuring the impact of PFM reforms on service delivery*. GSDRC Helpdesk Research Report 946. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdr.org/docs/open/HDQ946.pdf>

At present there are no reliable, accurate tools that isolate and assess the impact of PFM reforms on service delivery performance due to the complex and indirect relationship between them. Evidence suggests that in contexts where there have been improvements in service delivery this has not correlated with PFM improvements. The literature suggests that good PFM systems are a necessary but not sufficient precondition for good service delivery performance, whereas poor PFM systems are sufficient to result in poor service delivery performance.

## **5. Procurement**

Savoy, C.M. & Richardson-Barlow, C. (2014). *Procurement: Procurement System Modernization*. Chapter 3 in Miller, S. & Runde, D. (eds). *A New Development Agenda: Trade, Investment and Procurement*. Center for Strategic Studies. [http://csis.org/files/publication/140219\\_Miller\\_NewDevelopmentAgenda\\_Web.pdf](http://csis.org/files/publication/140219_Miller_NewDevelopmentAgenda_Web.pdf)

The chapter in this report argues that more efficient procurement would have an immense effect on governance, growth, investment, and transparency, although the development community has yet to pursue procurement reform in a systemic way. The authors argue that the U.S. government should: put procurement reform on the development agenda; put procurement reform on the trade agenda; use procurement reform as a starting point to tackle issues of corruption and transparency; and monitor the Indonesia Millennium Challenge Corporation (MCC) compact procurement reform project as a potential model.

**UNCDF. (2013). *Procurement for Local Development: A Guide to Best Practice in Local Government*. UN Capital Development Fund (UNCDF).**

**<http://www.uncdf.org/sites/default/files/Download/procurement.pdf>**

This publication discusses how good procurement practices are critical to developing the capacity for better local governance and finance. Good procurement practices are about efficiency, effectiveness, transparency and accountability which are all good governance indicators. Procurement is prone to errors and to deliberate abuse of the process for personal gain by officials or by contractors and suppliers. This guide explains the underlying principles of public procurement and sets those principles in the context of local development programmes and the work of local governments.

**EBRD. (2012). *Capacity building in procurement. A sample assessment in the EBRD region*. European Bank for Reconstruction and Development**

**(EBRD). [http://www.ebrd.com/downloads/procurement/project/EBRD\\_Capacity\\_Building\\_Report.pdf](http://www.ebrd.com/downloads/procurement/project/EBRD_Capacity_Building_Report.pdf)**

The European Bank for Reconstruction and Development (EBRD) implements structured and standardised procurement capacity assessments to ensure that essential procurement skills and procedures are in place for the successful implementation of projects, and to improve overall procurement performance. This report summarises the results from these assessments. The report suggests the EBRD centre on five specific aspects of procurement implementation: securing the availability of internal manuals and support systems; devising methods to monitor and evaluate procurement operations; supporting the combining of procurement plans and financial management platforms in order to (a) improve management and (b) facilitate monitoring and evaluation; assisting the development of an anti-corruption strategy to benefit good governance; and strengthening internal and external audit procedures to establish reporting and follow-up practices.

**Annamalai, T.R., Rajan, S.C., Deep, A. & Gómez-Ibáñez, J.A. (2012). *Impact of changes in the transparency of infrastructure procurement and delivery on infrastructure access, costs, efficiency, price and quality. A systematic review of the evidence in developing countries*. London, UK: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London.**

**<http://r4d.dfid.gov.uk/PDF/Outputs/SystematicReviews/Infrastructure-2012Annamalai-report.pdf>**

In this review, different macro, sector- and micro-level interventions have been used as proxies to study the impact of changes in transparency. Conclusions of the review emphasise the importance of governance indicators and institutions; the need to continue the next stage of interventions that would create strong regulatory institutions and enable competition; the need to assess the ability of the government to keep its promises; recognising the trade-offs on different outcomes; customising the interventions to suit the local context; and a need for a greater understanding of the linkages between intervention and outcomes.

**Ellmers, B. (2011). *How to spend it. Smart procurement for more effective aid*. European Network on Debt and Development (Eurodad). <http://eurodad.org/files/pdf/5284d26056f24.pdf>**

This civil society research report, based on six country case studies, investigates how aid is actually spent, who the beneficiaries are, and what the local economic impact is. It monitors the implementation of aid effectiveness commitments in the fields of procurement, aid untying and the use of country systems which were made in the Paris Declaration and the Accra Agenda for Action. The report proposes an agenda for policy and decision makers to consider in transforming aid through smarter procurement.

Hanna, R., Bishop, S., Nadel, S., Scheffler, G., Durlacher, K. (2011). *The effectiveness of anti-corruption policy: what has worked, what hasn't, and what we don't know*. A systematic review. London: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London.  
[http://r4d.dfid.gov.uk/PDF/Outputs/SystematicReviews/Anti\\_corruption\\_2011Hanna.pdf](http://r4d.dfid.gov.uk/PDF/Outputs/SystematicReviews/Anti_corruption_2011Hanna.pdf)

The review synthesises evidence from randomised control trials, quasi-experimental and observational studies evaluating a range of anti-corruption strategies from seven different countries. The review finds convincing evidence that monitoring and incentive-based interventions (both financial and non-financial) have the potential to reduce corruption, at least in the short term. It finds more-limited evidence that decentralisation, a strategy that changes the rules, has the potential to reduce corruption in certain settings. Strategies that change the rules are thought to be more sustainable in the long term, but additional research is needed to better understand the long-term effects of this and monitoring and incentives interventions.

Blancas, L. Chioda, L. Cordella, T., Oliviera, A. and Várdy, F. (2011). *Do Procurement Rules Impact Infrastructure Investment Efficiency? An Empirical Analysis of Inversão das Fases in São Paulo State*. Policy Research Working Paper 5528. Washington, D.C.: World Bank. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/01/11/000158349\\_20110111095726/Rendered/PDF/WPS5528.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/01/11/000158349_20110111095726/Rendered/PDF/WPS5528.pdf)

As a means to reduce delays in public works implementation, a number of Brazilian states have recently reformed their procurement rules allowing contractor price proposals to be assessed before the technical evaluation of submitted bids is undertaken. Analysis of these reforms finds that the reform is associated with a 24 day reduction in the duration of procurement processes for large projects and a 7 per cent point drop in the likelihood of court challenges irrespective of project size. Although both effects are economically important, only the latter is statistical significant. The paper finds no evidence of an effect of the procurement reform on prices paid.

Jensen, K.E. (2010). *Public Procurement Capacity Development Guide*. Procurement Capacity Development Centre, Capacity Development Group, Bureau for Development Policy. UNDP.  
<http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/undp-procurement-capacity-assessment-users-guide/Procurement%20Capacity%20Assessment%20Guide.pdf>

The document provides a step-by-step guide for those mobilising, designing or conducting a procurement capacity assessment at the national or sub-national level including government officials, UNDP country offices, development partners, consultants and capacity development advisors. The document identifies the key role that a procurement capacity assessment plays within the UNDP approach to supporting procurement capacity development and introduces the UNDP capacity assessment framework, the capacity assessment process and the capacity development results framework.

Kattel, R. & Lember, V. (2010). *Public procurement as an industrial policy tool: an option for developing countries?*. *Journal of public procurement*, 10(3) , 368-404. <http://hum.ttu.ee/wp/paper31.pdf>

In this article, the authors argue that government procurement should not be seen only as an indirect support measure for development, but also as a direct vehicle for promoting innovation and industries and, thus, growth and development. They show that using public procurement for development assumes high

levels of policy capacity, which most developing countries lack. In addition, they look to demonstrate how the GPA as well as other WTO agreements make it complicated for the developing countries to benefit from public procurement for innovation. The article suggests that the developing countries could apply a mix of direct and indirect (so-called soft) public-procurement-for-innovation measures, and they need to develop the policy capacity to take advantage of the complex and multi-layered industrial policy space still available under World Trade Organization (WTO) rules.

## 6. Social accountability

Tavakoli, H., Simson, R., Tilley, H. and Booth, D. (2013). *Unblocking results: Using aid to address governance constraints in public service delivery*. London: ODI. *Synthesis report*: <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8409.pdf> *Briefing*: <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8333.pdf>

This study looks at four aid programmes in lower-income countries and how these programmes interacted with common governance constraints and what activities and enabling factors appear to have contributed to an effective engagement. It identifies three common governance constraints: the degree to which sector policies and institutional arrangements are coherent; the strength of top-down performance disciplines and bottom-up accountability mechanisms; and whether there is scope for local problem solving and collective action.

O'Meally, S.C. (2013). *Mapping Context for Social Accountability: A Resource Paper*. Washington, DC: World Bank. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/07/10/000356161\\_20130710143436/Rendered/PDF/793510WPOMappi00PUBLIC00Box0377373B.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/07/10/000356161_20130710143436/Rendered/PDF/793510WPOMappi00PUBLIC00Box0377373B.pdf)

Demand-side governance and social accountability approaches (SAcc) have steadily gained prominence as a perceived means for achieving and improving a range of development outcomes. This resource paper focuses on the issue of SAcc and context, arising out of a growing recognition that context is critical in shaping, making, and breaking SAcc interventions. As such, the four main objectives of this paper are: to outline the main contextual factors that appear to be critical to SAcc; to examine how SAcc interventions interact with the context to bring about change in order to provide a preliminary, context-sensitive Theory of Change (ToC); to explore the operational implications that arise from first two objectives; and to offer a flexible analytical framework to guide practitioners wanting to undertake context analysis prior to engaging in demand-side activities. The paper attempted to achieve these objectives by: summarizing and building on a recently-conducted global review of the evidence-base, drawing on relevant conceptual literature to deepen understanding of SAcc and context, reviewing case-study material to extract indications of what types of SAcc approaches might work best when faced with different contextual realities, and holding consultations with experts and practitioners to test and modify the ideas being developed.

Masud, H., Agarwal, S., Alton, M.L., Majumdar, S., and Patel, D. (2013). *Global Stock-Take of Social Accountability Initiatives for Budget Transparency and Monitoring: Key Challenges and Lessons Learned*. Washington, DC: World Bank. Main Report: [http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/244362-1193949504055/4348035-1380737852287/BTM\\_Stocktake\\_Report\\_Final.pdf](http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/244362-1193949504055/4348035-1380737852287/BTM_Stocktake_Report_Final.pdf)

Budgets are key documents that lay out a government's economic priorities in terms of policies and programs. Budget transparency refers to the extent and ease with which citizens can access information about and provide feedback on government revenues, allocations, and expenditures. Budget monitoring entails using such information to analyse, critique, and track government finances in order to provide this feedback. With an aim of identifying key drivers, activities, and strategy for budget transparency initiatives, this global stock-take report compiles a menu of 174 budget transparency initiatives that illustrate different SA approaches adopted by civil society, governments, and the World Bank task teams.

Gaventa, J. and McGee, R. (2013). *The Impact of Transparency and Accountability Initiatives*. *Development Policy Review* 31(1), s3-s28. <http://dx.doi.org/10.1111/dpr.12017>

Transparency and Accountability Initiatives (TAIs) have taken democratisation, governance, aid and development circles by storm since the turn of the century. Many actors involved with them – as donors, funders, programme managers, implementers and researchers – are now keen to know more about what these initiatives are achieving. Different pressures and interests lie behind different actors' curiosity, but the consensus is clear: it is high time that we understand better the impacts and effectiveness of TAIs. This article analyses existing evidence, discusses how approaches to learning about TAIs might be improved, and recommends how impact and effectiveness could be enhanced.

Olomola, A.S., Simbine, A.T., Wadinga, A. & Adeagbo, A. (2012). *Accountability and Performance of Government Agencies in the Delivery of Water, Education and Road Services in Nigeria*. Draft Paper. Nigerian Institute of Social and Economic Research (NISER). [http://www.gdn.int/admin/uploads/editor/files/Gov\\_Nig.pdf](http://www.gdn.int/admin/uploads/editor/files/Gov_Nig.pdf)

This service delivery study finds that service beneficiaries should always be aware of their rights and responsibilities with regard to the provision of services in their communities. The emergence of inter-governmental partnership in water service delivery has demonstrated that a decentralized governance system provides better results. The authors suggest ensuring that alternative channels for delivery of public services have a framework for involving beneficiaries in needs assessment, choice of locations of projects and in the operation and management of facilities.

Kamara, S., Ofori-Owusu, D. & Sesay, L.F. (2012). *Governance, Accountability and Effective Basic Services Delivery in Sierra Leone*. Draft Paper. Centre for Economic and Social Policy Analysis (CESPA). [http://www.gdn.int/admin/uploads/editor/files/Gov\\_SieLeo.pdf](http://www.gdn.int/admin/uploads/editor/files/Gov_SieLeo.pdf)

This service delivery looks at the way in which services are delivered by agents and whether they operate autonomously or are steered by the accountability mechanisms, and how effective this mode of delivery of basic services is. The study finds that in spite of the dominance of the public sector in the delivery of these services, there is still diversity in the provision of these services with the private sector and local communities playing a significant role. The study suggests that the government should provide space for

both the private (for- and not-for-profit) providers and communities for the enhancement of collective efficiency for service delivery.

Schouten, C. (2011). *Social accountability in situations of conflict and fragility*. U4 Brief No. 19. Bergen, Norway: U4 Anti-Corruption Resource Centre. <http://r4d.dfid.gov.uk/PDF/Outputs/U4/B2011-19-web.pdf>

This report argues that with increasing support to fragile and conflict-affected states, donors should focus their efforts on: identifying and supporting local accountability measures; strengthening partnerships across sectors, as well as demographic and geographic divides; and supporting collaborative governance and capacity building to strengthen the social contract between state and society in the wake of crisis.

McGee, R. & Gaventa, R. (2010). *Review of impact and effectiveness of transparency and accountability initiatives*. Synthesis report. London: Open Society Foundation. [http://www.transparency-initiative.org/wp-content/uploads/2011/05/synthesis\\_report\\_final1.pdf](http://www.transparency-initiative.org/wp-content/uploads/2011/05/synthesis_report_final1.pdf)

The study finds there are few comprehensive, comparative or meta-level studies on whether desired impacts have been achieved by transparency and accountability initiatives. However, micro level studies, suggest that in some conditions, the initiatives can contribute to a range of positive outcomes such as increased state or institutional responsiveness, lowering of corruption, building new democratic spaces for citizen engagement, empowering local voices and better budget utilization and better delivery of services.

McNeil, M & Malena, C. (2010). *Demanding good governance. Lessons from Social Accountability Initiatives in Africa*. Washington D.C.: World Bank.

<https://openknowledge.worldbank.org/bitstream/handle/10986/2478/555460PUB0Dema1EPI1978968101PUBLIC1.pdf?sequence=1>

This book reviews initiatives launched and implemented both by civil society groups and by local and national governments in countries with different political contexts and cultures. Studies of the initiatives point to the prevailing problem of access to information and the problem of understanding it when it is available. The success of initiatives often depends on the political will and commitment of leaders.

Claasen, M. & Alpín-Lardiés, C. (2010). *Social Accountability in Africa - Practitioners' Experiences and Lessons*. The Affiliated Network on Social Accountability (ANSA-Africa) and The Economic Governance Programme of IDASA (IDASA-EGP). [http://www.ansa-africa.net/uploads/documents/publications/SAA\\_Practitioners\\_Experiences\\_and\\_Lessons\\_2010.pdf](http://www.ansa-africa.net/uploads/documents/publications/SAA_Practitioners_Experiences_and_Lessons_2010.pdf)

This book which reviews social accountability experiences finds that legal and policy frameworks are essential – most of the case study authors recognise that the types of activities they describe would have been impossible under previous authoritarian regimes, without a basic level of freedom. The report suggests that to ensure success, it is important to invest in awareness- raising and capacity building, to seek multi-stakeholder involvement, and to recognise that inclusiveness is essential. Political analysis and timing are important, and flexibility and innovation are as critical as incentives and sanctions.



## ***GSDRC Helpdesk Reports and Topic Guides***

**Carter, B. (2013). *Evidence on budget accountability and participation*. (GSDRC Helpdesk Research Report 973). Birmingham, UK: GSDRC, University of Birmingham.**

**<http://www.gsdrc.org/docs/open/HDQ973.pdf>**

This report examines whether budget accountability and participation are improved by budget transparency, CSOs engaged in budget accountability activities, and the international policy community actively promoting transparency, accountability and participation. The report finds that there are examples of significant success thanks to budget transparency, but positive impacts remain far from systematic or definitive.

**Hinds, R. (2013). *Multi-donor support mechanisms for civil society*. GSDRC Helpdesk Research Report 940. Birmingham, UK: GSDRC, University of Birmingham.**

**<http://www.gsdrc.org/docs/open/HDQ940.pdf>**

This report assesses the current state of experience with multi-donor platforms for civil society, particularly in support for voice and accountability and/or social accountability. The report finds that there are potential advantages for donors engaging in pooled funding strategies, including working with donors who have a stronger presence and a track record in a particular context, and reducing transaction costs in the medium- to long- term.

**Khan, S. (2012). *Topic Guide on Empowerment and Accountability*. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/docs/open/EA.pdf>**

This guide introduces key debates and evidence on concepts of empowerment and accountability, and how they have been operationalised. It discusses participatory approaches, citizenship, voice, power and transforming the relationship between citizens and the state, and emphasises the cross-cutting nature of empowerment and accountability work.

## **7. Additional information**

### **Suggested citation**

Rao, S. (2014). *New thinking on governance issues*. GSDRC Helpdesk Research Report 1092. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/docs/open/HDQ1092.pdf>

### **About this report**

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