Making Institutions Work for Rural Revitalization: Implications for Central Asia

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28 May 2019
What is Governance?

• The traditions and institutions by which authority in a country is exercised (World Bank 2006)

• We focus on three relevant components of this broad concept:
  • **Legal and regulatory regimes** (i.e., laws and rules that impact investments and contribute to policy coherence)
  • **State capabilities** (i.e., technical skills and financial resources of bureaucrats; overall institutional structure of the bureaucracy)
  • **Accountability mechanisms** (which allow for monitoring/evaluation of government policies and investments, and ensure that policies reflect citizens’ needs)
Why Focus on Governance?

• It affects what policy goals are set, and resulting policy outcomes

• Central to improving agricultural productivity and reducing poverty, hunger, and malnutrition (USAID 2016; AGRA 2018; IFPRI 2019)

• Rural-urban linkages exacerbate governance challenges
  • Citizens now often live in one place and work in another
  • Linkages require better coordination across subnational actors and ministries
Three aspects of governance are critical for rural revitalization:

- **Appropriate and predictable laws and regulations**—especially a legal framework to protect property rights and create incentives to support business.

- **Effective policy implementation and enforcement**—which depend on the government having adequate technical skills, financial resources, and appropriate organizational structures.

- **Accountability**—from to ensure that governments respond to the needs of the poor.
• **Devolution of governance** to subnational or local levels can improve government responsiveness to local needs (when responsibilities are matched with adequate funding, technical capabilities, and mechanisms to ensure accountability!)

• The **information revolution** currently taking place offers new tools for improving governance and achieving rural revitalization
Supportive Legal Regimes

- Exclusively within the mandate of governments!
- Property rights (for physical assets and/or intellectual property) are fundamental to investment, growth, food security, and development (e.g., Deininger 2003; Holden et al. 2009; Lawry et al. 2014)

**EXAMPLE:**

In the Kyrgyz Republic, Kosec and Shemyakina (2019) find that children in regions that initiated land privatization soon after the collapse of socialism grew taller than did children in later-privatizing regions, owing in part to higher household food production and consumption.
Property Right Protection in Central Asia

• To what extent do Central Asian countries have an effective legal system and rule-based governance structures in which property and contract rights are reliably respected and enforced?

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<tr>
<th>2017 Country Policy And Institutional Assessment (CPIA)</th>
<th>Property rights and rule-based governance rating</th>
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<td>Kyrgyz Republic</td>
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Supportive Regulatory Regimes

• Critical to promoting agroindustry, agricultural productivity, and rural job growth (McMillan et al. 2017; Newman et al. 2016)

• The Enabling the Business of Agriculture Index (World Bank 2017) has been an important step in measuring the quality of countries’ regulatory environments in different domains
  • GOAL: identify regulatory barriers; spur lagging governments to reform

A country’s **distance-to-frontier score** measures how far it is from best practice (on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier)

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<tr>
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<td>65</td>
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</tr>
<tr>
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<td>37</td>
<td>79</td>
<td>32</td>
</tr>
<tr>
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<td>71</td>
<td>73</td>
<td>58</td>
</tr>
<tr>
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<td>19</td>
<td>18</td>
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</tr>
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<td>66</td>
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<td>47</td>
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<tr>
<td>ICT</td>
<td>61</td>
<td>44</td>
<td>36</td>
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Reinvigorating State Capabilities

• Even with clear laws and regulations, how well they are implemented also matters

• Weak state capacity in developing countries → poor implementation

• Possible manifestations:
  • “Street-level” bureaucrats, at the frontline of service delivery, exercise discretion/ engage in corruption (Lipsky 1980; Prendergast 2008)
  • Adopting contextually-inappropriate bureaucratic organizational structures, transplanted from another country (i.e. “isomorphic mimicry”) (Andrews et al. 2013)

• Key to reinvigorating state capabilities:
  • Better training for civil servants
  • Identifying faults in incentive structures for implementation that can result from problematic organizational structures, inadequate knowledge, or limited financial resources
Incentivizing Civil Servants

• Creative policy experiments are being tested worldwide across various sectors

• Possibilities:
  • Pay-for-performance contracts (i.e., civil servants’ salaries linked to results)
  • Systematically “naming and shaming” bureaucrats for delivering or failing to deliver
    • e.g., Rwanda’s *imihi*go approach (Mauzinzi and Rubyutsa 2018)
  • Delivery units: small teams of experts (e.g., in the Office of the Prime Minister) who coordinate activities across sectoral ministries to improve inter-sectoral coordination, cultivate a service mentality, enhance timely information flows, and meet policy targets
    • e.g., Malaysia’s Performance Management and Delivery Unit
Strengthening Capabilities at the Local Level

• Decentralization has many benefits, in theory; brings services “closer to the people” (Oates 1985)
• Makes strengthening local government capabilities important
• EXAMPLE:
  • Mid-1990s: Kyrgyz Republic begins political, admin., fiscal decentralization
  • Local municipal/ city councils have governance and budgeting authorities
  • Challenges:
    (1) unclear allocation of responsibilities across tiers;
    (2) local policymakers lack knowledge/ ability to carry out mandates;
    (3) lack of locally-generated revenues (mostly transfers) undermines local autonomy
• Solutions: training local policymakers; soliciting citizen input into local decision-making
Accountability to Citizens

• Making government accountable is a key governance challenge
• How do Central Asian countries measure up on accountability of the executive?

2017 Country Policy And Institutional Assessment (CPIA)

Transparency, accountability, and [freedom from] corruption in the public sector rating

(1=low to 6=high)
Achieving Accountability by Harnessing the Information Revolution

• Poor and rural citizens are least informed/educated, but have the highest valuation of government services (Kosec 2014; Gottlieb 2016)

• Policy makers often use information asymmetries to their advantage, to the detriment of poor citizens’ welfare (Banerjee et al. 2018)

• One possible solution is increasing the information available to the rural poor, thus empowering them to demand accountability (Kosec and Wantchekon 2019)

• Mobile telephony and the Internet are helping to:
  • Increase government transparency
  • Reduce information asymmetries between citizens and government
  • Allow citizens to coordinate and organize to pressure government
The Information Revolution: Mobile Phones

Growth in Mobile Cellular Subscriptions (per 100 people), 1998-2017

- Turkmenistan
- Kazakhstan
- Kyrgyz Republic
- Tajikistan
- Uzbekistan
The Information Revolution: Internet Use

Growth in Individuals Using the Internet (% of population), 1998-2017

- Kazakhstan
- Uzbekistan
- Kyrgyz Republic
- Tajikistan
- Turkmenistan
E-Governance in the Kyrgyz Republic

• In the Kyrgyz Republic, the rural e-municipality initiative “Electronic Ayil-Okmotu” (e-Ayil) has been recognized as a successful development intervention at the grassroots level

• It has aimed to achieve several goals:

1. Providing citizens access to information about public services
2. Developing e-management systems for land, taxes, budgets, etc
3. Developing e-communication platforms for sharing information exchange with government agencies and partners
Kyrgyz Citizens Improve Their City With a Click

- February 2016: launch of the OshCity app and website (developed by local organization ‘Youth of Osh,’ in cooperation with mayor’s office)
- Improved communication: allows citizens to send requests and questions about 28 different services (e.g., transport, sanitation, health, employment, land use, construction, etc)
- Requests and responses are publicly available and mapped, to ensure transparency and increase trust

“The online map greatly simplifies our work when we can just look at [it] to understand the mood and concerns of the city.”
--Aytmamat Kadyrbaev, former mayor of Osh
What are Key Policy Recommendations?

• Establish an enabling and predictable legal and regulatory environment to stimulate private sector investment and engagement for rural revitalization

• Build state capabilities and establish incentives for better service delivery, such as pay-for-performance and delivery units, to improve policy implementation at the national and subnational levels

• Facilitate the information revolution to promote engagement of citizens with one another and with politicians and governments
  • Using ICT to support competitive elections, provide accurate information to citizens, and increase transparency is essential for rural prosperity