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# Making Institutions Work for Rural Revitalization: Implications for Central Asia

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# 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

# Good Governance for Rural Revitalization



- 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

# Good Governance for Rural Revitalization



- **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

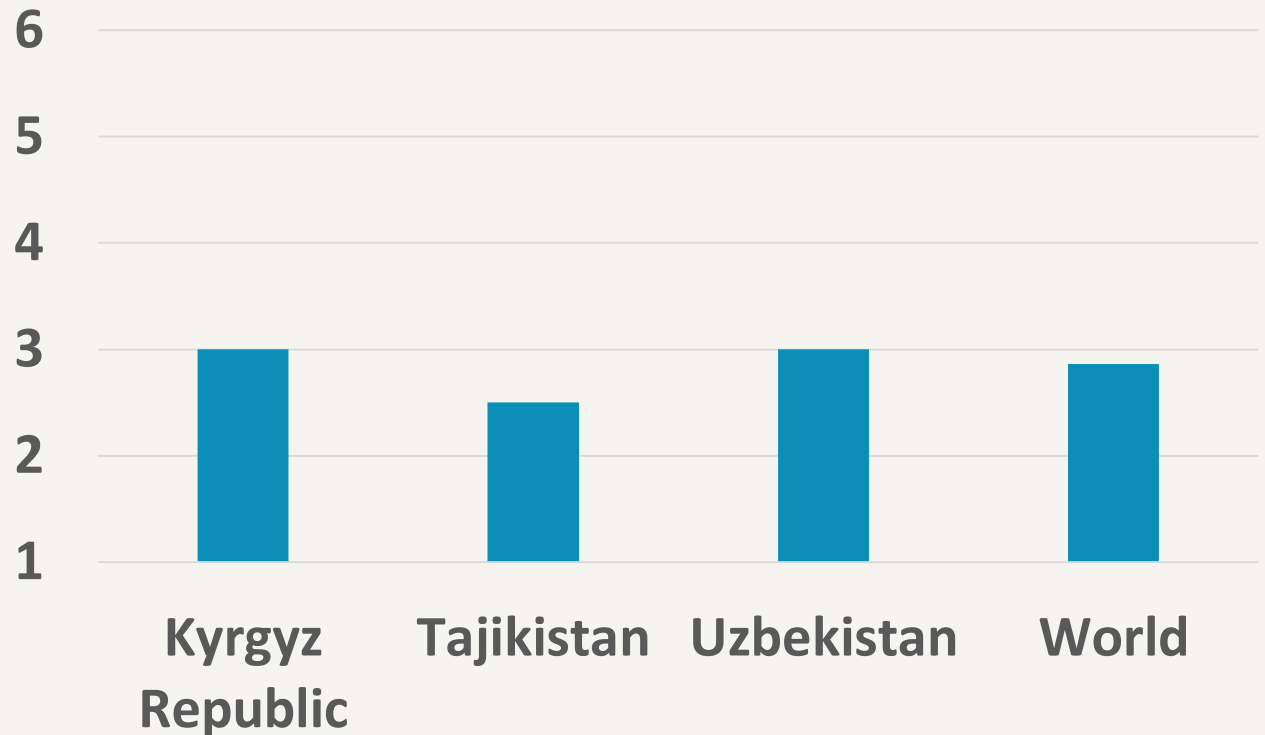


- To what extent do Central Asian countries have an effective legal system and rule-based governance structures in which property and contract rights are reliably respected and enforced?

2017 Country  
Policy And  
Institutional  
Assessment (CPIA)

Property rights and  
rule-based  
governance rating

(1=low to 6=high)



# 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)

	Kazakhstan	Kyrgyz Republic	Tajikistan
Seed	54	36	42
Fertilizer	73	69	37
Machinery	81	65	58
Finance	37	79	32
Markets	71	73	58
Transport	19	18	84
Water	66	46	47
ICT	61	44	36



# 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 *imihigo* 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

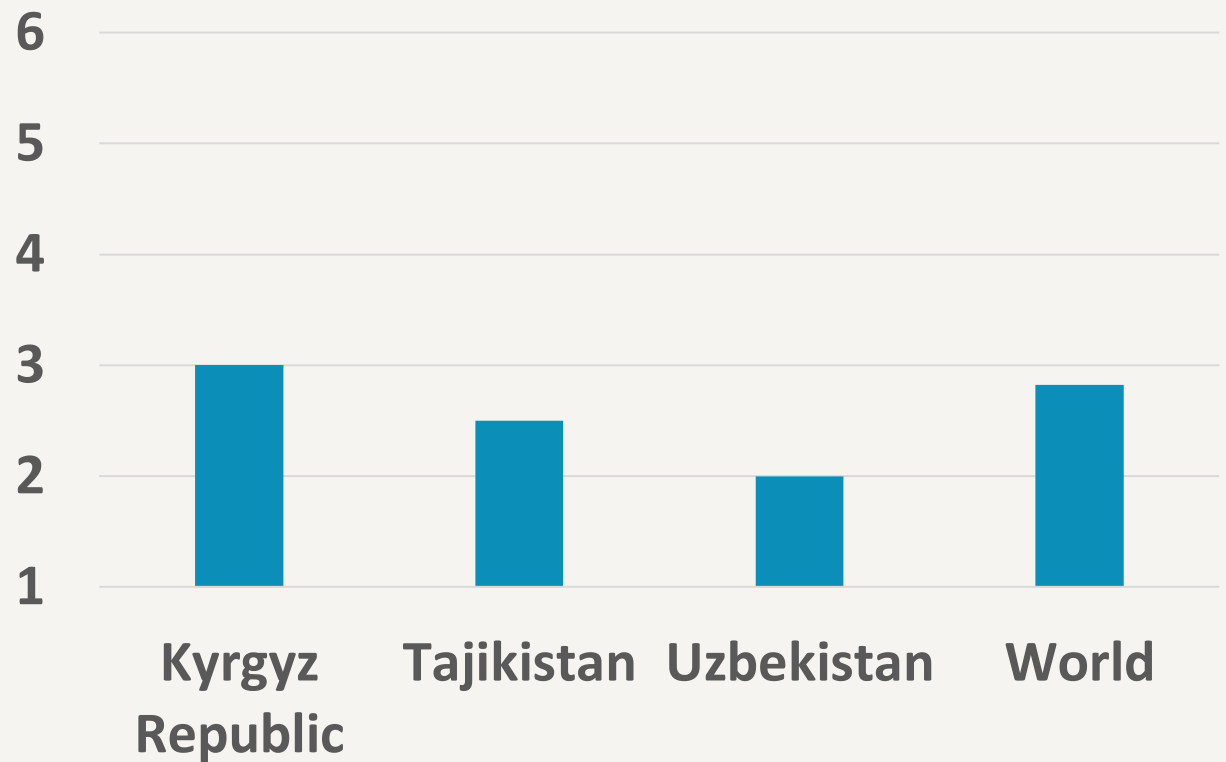


- Making government accountable is a key governance challenge
- How do Central Asian countries measure up on accountability of the executive?

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

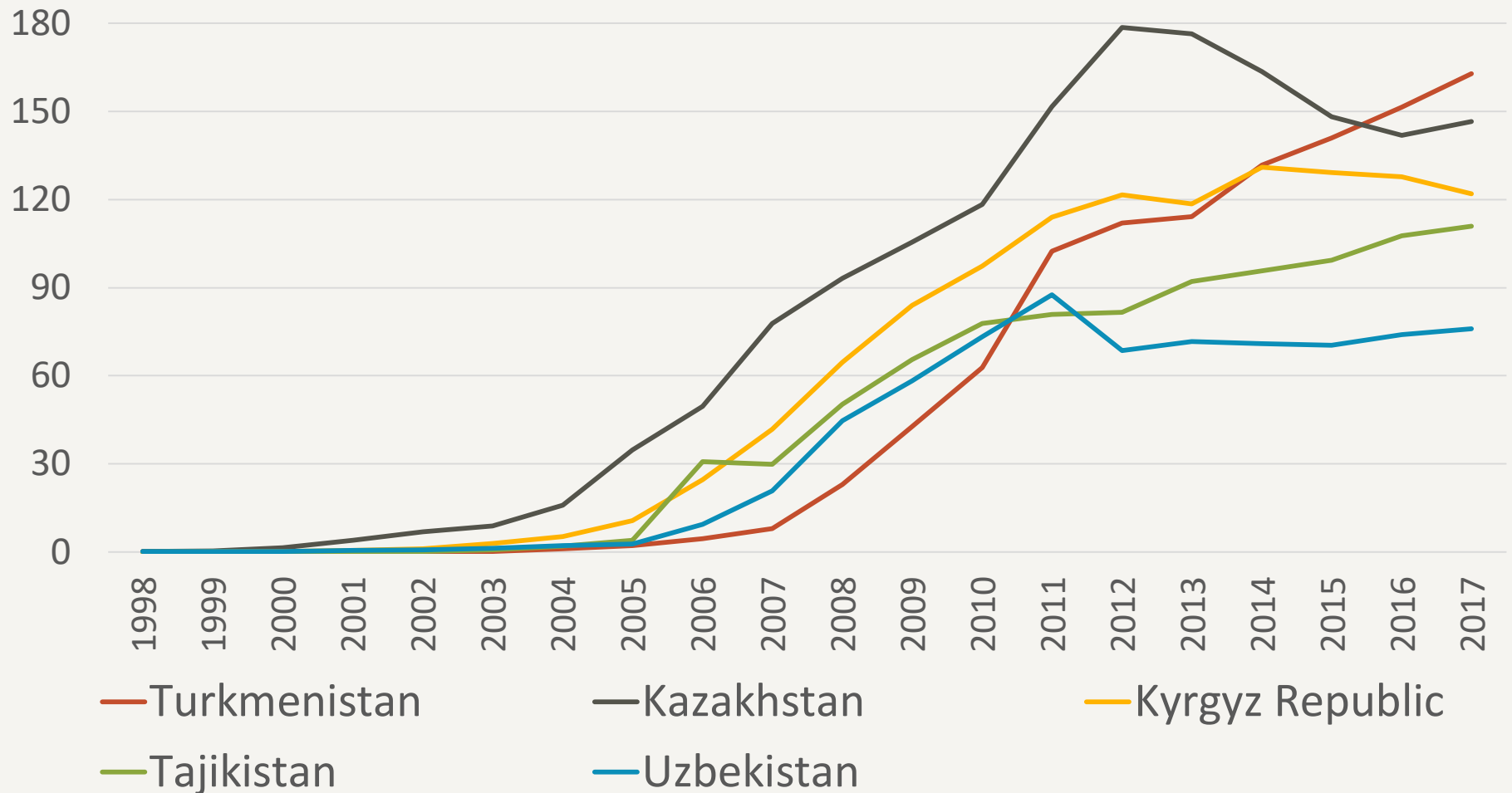


- Poor and rural citizens are least informed/ educated, but have the highest valuation of government services (Kosec 2014; Gottlieb 2016)
- Policy makers often use information asymmetries to their advantage, to the detriment of poor citizens' welfare (Banerjee *et al.* 2018)
- One possible solution is 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



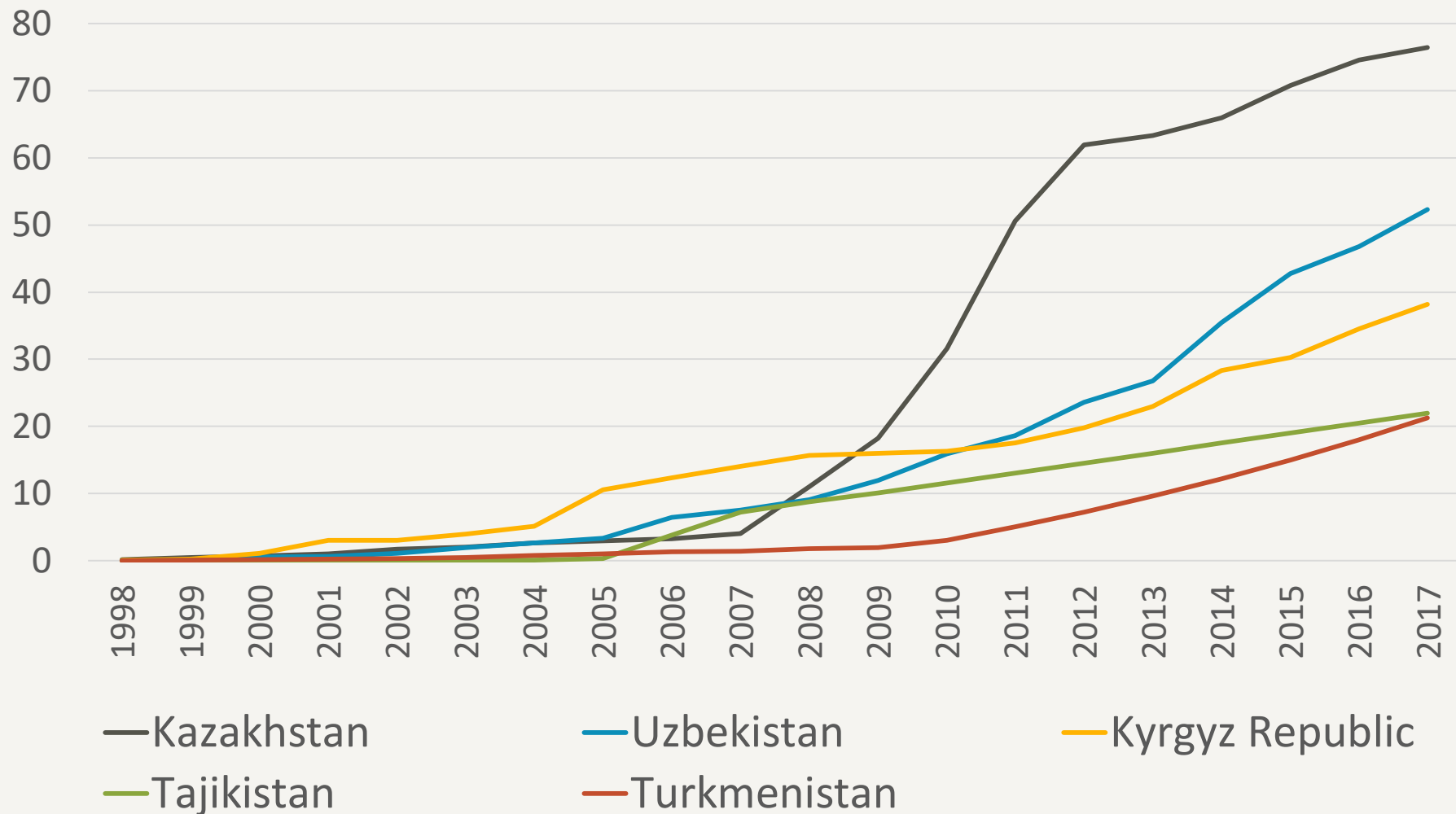
Growth in Mobile Cellular Subscriptions (per 100 people), 1998-2017



# The Information Revolution: Internet Use



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



# 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



Nurkaly Tolubaev helps to improve the city of Osh by reporting various issues.

*Youth 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