

A collection of historical artifacts is displayed on a light-colored surface. On the left, a portion of a chessboard with a blue and brown checkered pattern is visible, featuring several chess pieces. Below the chessboard are two ornate medals with star-shaped centers and intricate designs. A pair of round, gold-rimmed glasses with thin temples lies across the center. In the bottom left corner, a circular compass with a white face and black markings is partially visible. The background is a plain, light-colored surface.

# Governance: Concepts and Case Study of Ceara

Presentation to LAPE

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# Overview

- ◆ Governance- origins and defn
- ◆ Governance key concepts and applications
- ◆ Does governance make sense for LA



# Governance- origins and defns

- ◆ Paradox of MDBs- apolitical vs. outcomes of loans, and feedback
- ◆ Concern of intl K w/corruption
- ◆ Devt. of new institutionalism
  - basic concepts: xax costs + institutions/property rights
- ◆ WB's East Asian Miracle rx
- ◆ Voting is not enough!
- ◆ Convergence around idea of governance



# Key concepts of Governance

- ◆ transactions costs
  - eco xax- information, infrastructure, communications
  - financial view- avail of credit etc
  - organizational view
- ◆ property rights
  - stability and contractual rights
  - Hernando de Soto
- ◆ Institutions and institutional devt.
  - “quality of bureaucracy”
  - stability & change
  - regulation; corruption
  - political parties, change, rule of law
- ◆ representation, accountability, transparency, legitimacy
- ◆ Inst’ns and eco growth- a true test?



# Applications

- ◆ Findings: correlation b/t 1-t GDP growth and governance; no clear correlation b/t income level and governance (eg Arg) (Kaufmann)
  - Endogeneity problem
- ◆ tax costs; ppty rts; inst'ns; rep; acctability, xparency, legit'cy
- ◆ **contracts/corruption**
- ◆ Fin, judiciary, edu, hea, civ svce
- ◆ How are diff. institutions in socy linked: to ea. other, to the state, to society?
  - (ppl-agent, s-t probs, coercion)
- ◆ What creates accountability



# Reform Efforts

- ◆ reducing winner takes all games (state capture)
  - (loser transitions, policy stability, pre-office pacts)
- ◆ Recognizing “stakeholders”
- ◆ Decentralizing authority
- ◆ Increasing participation
- ◆ Changing CBAs
- ◆ Coalition Building
- ◆ compensation schemes
- ◆ creation of societal intermediaries
  - pol parties? ngos? transnational networks?
- ◆ “Empowerment”
- ◆ Creating grassroots, indep. institutions
- ◆ Cultural attitudes?



# Ceara: Programs Studied

- ◆ importance of study- failure/success
- ◆ rural preventive health
  - vaccination
- ◆ business extension & public procurement fr. small firms
- ◆ employment-creating public works on construction & other emergency relief
- ◆ ag extension & small farmers (failure)
- ◆ \*Key q.: what makes (state) institutions effective?

# Explaining Effectiveness

- ◆ govt. workers' dedication
  - soc K arg
- ◆ sense of mission/recognition
  - strong communication b/t state and constituents
- ◆ wide variety of tasks; > discretion & responsibilities
  - (autonomy) + community as a watchdog
- ◆ decentralization is a 3 way r/ship
  - not local govt-ngo/civ socy, but state-local govt-civ socy
  - “healthy antagonism;” civ socy, ngos over-rated by decent/part advocates
- ◆ Leadership?





# Discussion

- ◆ What is the meaning of governance?
- ◆ Is governance needed for LA?
- ◆ How could it be achieved?
- ◆ What are the real obstacles?
- ◆ Is governance enough?
- ◆ Can the public sector be revitalized? What are the lessons of the Ceara case? Are they applicable? If so, how would they be applied elsewhere? If not, why did good governance happen in Ceara but not elsewhere?