Call for proposals

CAF Research Program on State Capacity, Policy Implementation and Development

Economic and social development requires the adoption of a series of policies and programs which need a certain level of administrative capacity from the State for their successful implementation. The development debate has mostly focused on the promotion and design of certain strategies and policies (in education, policing, tax administration, infrastructure, etc.) with little attention to state capacity for implementation. Nevertheless, there is evidence that often times policies fail at the implementation stage, for example when a tax authority chooses to notify a group of taxpayers about an outstanding obligation but isn't able to because of incorrect addresses, or when a police chief implements a hotspots patrolling scheme but it isn't carried out due to lack of incentives or buy-in by patrol police, or when zoning and construction regulations are systematically violated in urban areas across the region.

This Call for Proposals seeks to promote research on state capacity taking a broad view at the issue. We seek to support studies that propose new measures of state capacity looking at indicators of quantity and quality of public service delivery, perceptions of citizen/clients about these services, indicators of public projects (i.e. infrastructure) implementation and completion, measures that compare *de jure* versus *de facto* implementation of public policies, regulations and administrative decisions. A valuable example of an innovation in measuring state capability, and the kind of which we'd like to stimulate, is illustrated by a recent study in which letters were mailed to non-existent addresses in 159 countries (10 per country) and whether they were returned to the return address in the US was interpreted as a measure of efficiency[1].

Proposals may also look at reasons why effective delivery of services by government organizations may fail. A list of traditional factors mentioned in the literature includes problems in the selection and recruiting of public workers, characteristics of public sector employees and their motivation for entering government organizations, lack of training and technical capabilities and wrong incentives. Complementary explanations emphasize low external accountability of public service delivery. When centralized monitoring of public workers and organizations is costly (due to information asymmetries, political restrictions, etc.) the participation of the client/citizen through "voice and vote" could be critical to induce politicians, head-bureaucrats and front-line public employees to increase effort.

The above reasons explaining policy implementation failures could be the right approach in several circumstances, but in others implementation failures are in part associated with the policy selection process. Practices adopted in distant contexts which are hard to transplant to the local idiosyncrasies

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[1] Chong, A., R. La Porta, F. Lopez-de-Silanes, and A. Shleifer, "Letter Grading Government Efficiency". NBER Working Paper No. 18268. October 2012

and realities could induce implementation failures. This approach stresses state capacity as a process promoting innovation and context–specific policy design and implementation. Increasing public sector efficiency through initiatives drawn from behavioral economics has received much attention in countries like the UK and the US, and studies experimenting with these ideas in Latin America will also be highly valued.

A list of issues that proposals could address include:

1. How to measure state capacity? *De jure* versus *de facto* indicators of policy and public service delivery. Are failures in policy implementation similar across sectors and levels of government?
2. How to improve the bureaucracy's technical capacities and incentives? Individual characteristics, motivations and expectations of Latin American public employees.
3. Civil servant regimes in Latin America: recruitment, training, and promotion. Monetary versus non-monetary incentives.
4. Do performance incentives work for public service delivery?
5. Is there evidence that behavioral aspects (work environment, trust, better relationship between front-line employees and clients) affects the efficiency of public sector organizations?
6. Information, evaluation, and accountability as tools for improving service delivery. Does improved accountability matter for improving government performance?
7. How to induce an enabling environment so that bureaucracies could learn from their experiences and failures? Could decentralization and autonomy play a role?
8. Measures of state capacity that incorporate learning, innovation and feed-back from policy implementation. Case studies.

Although suggestive, this list is not exhaustive. Any other well posed question of relevance to the topic of state capacity, policy implementation and development in Latin America will also be considered. Proposals should be sent to investigacion@caf.com no later than **January 31, 2014**. Winners will be notified by February 14, 2014 and will have until May 30, 2014 to submit a preliminary draft of the paper. In mid-June we will host a seminar in a still to be determined city in the region where selected papers will be invited to present. Each proposal (up to four) will receive **USD 15,000** to finance the research. We could consider extending this budget in case of special data requirements (i.e. design and implementation of a survey). Final papers will be part of CAF's working paper series, but authors will be free to publish them in academic journals.

There is no specific format for the proposals, or a limit to their extension. The key components are a clearly defined question and details on the methods and data to be used in answering it. Proposals that exploit a novel data set and/or that have an empirical strategy with a credible identification strategy will be favored. The selection committee will include CAF's research team as well as James Robinson (Harvard), Lant Pritchett (Harvard) y Mariano Tommasi (UDESA). While evaluating the proposals the committee may ask the author/s for clarification or further information if they consider it necessary.