

Governance and Development

Claudia N. Avellaneda
Associate Professor



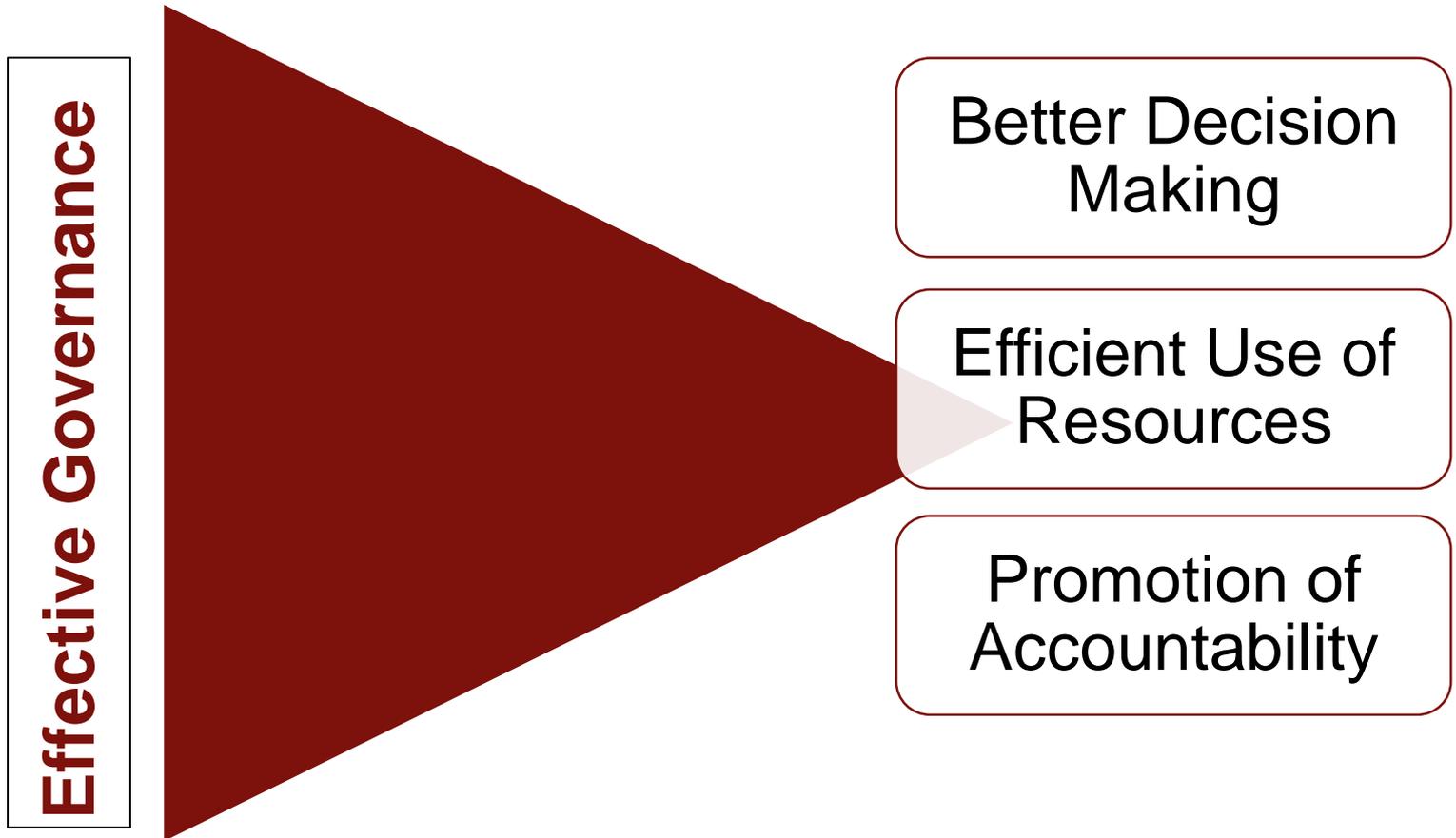
**SCHOOL OF PUBLIC AND
ENVIRONMENTAL AFFAIRS**

INDIANA UNIVERSITY

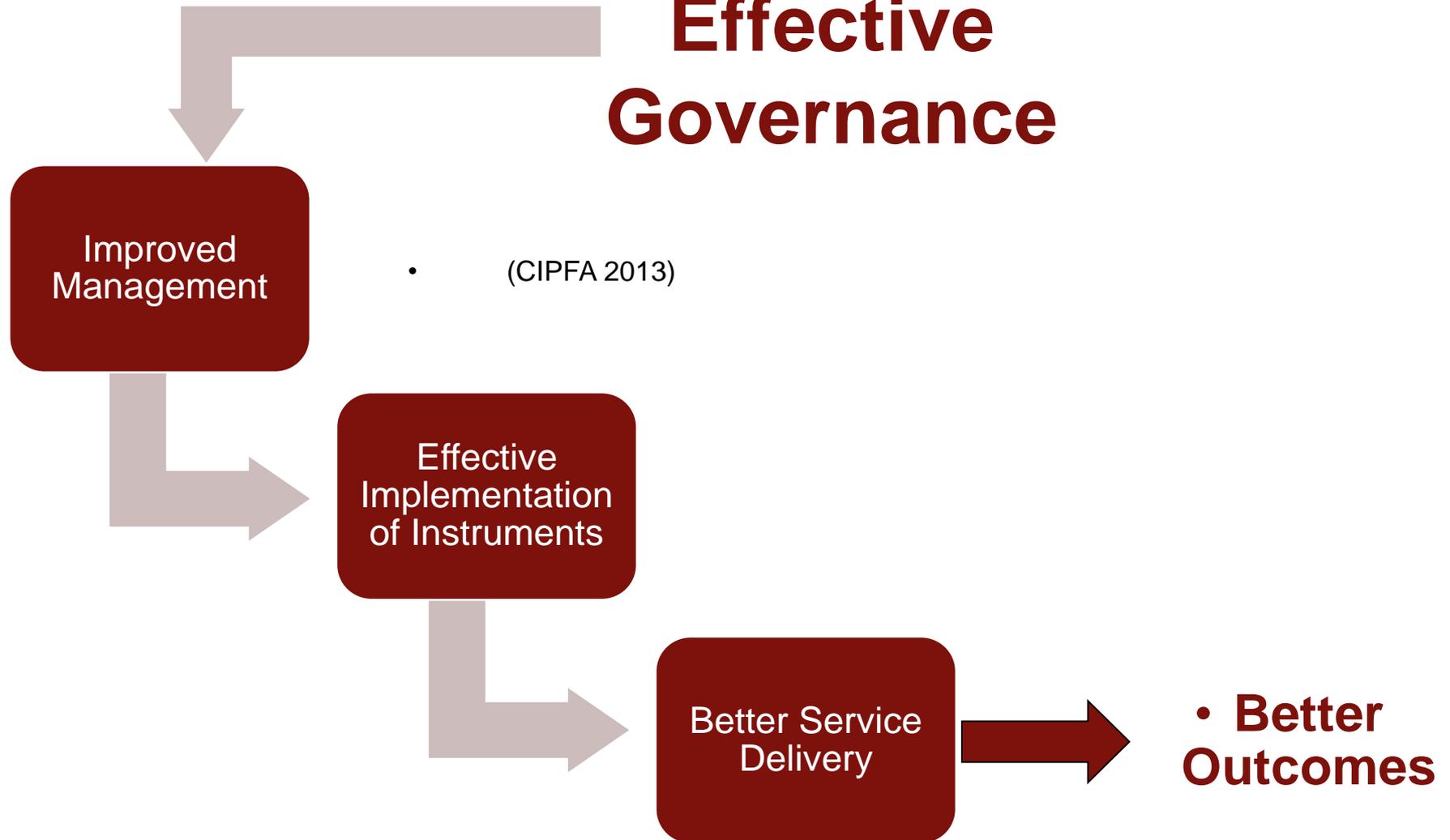
Defining Governance

- “Comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved” (CIPFA 2013, 8)
 - Legal, social, political, economic, environmental, and administrative arrangements
- “Network of organizations for public service delivery” (Hood 2005, 7)

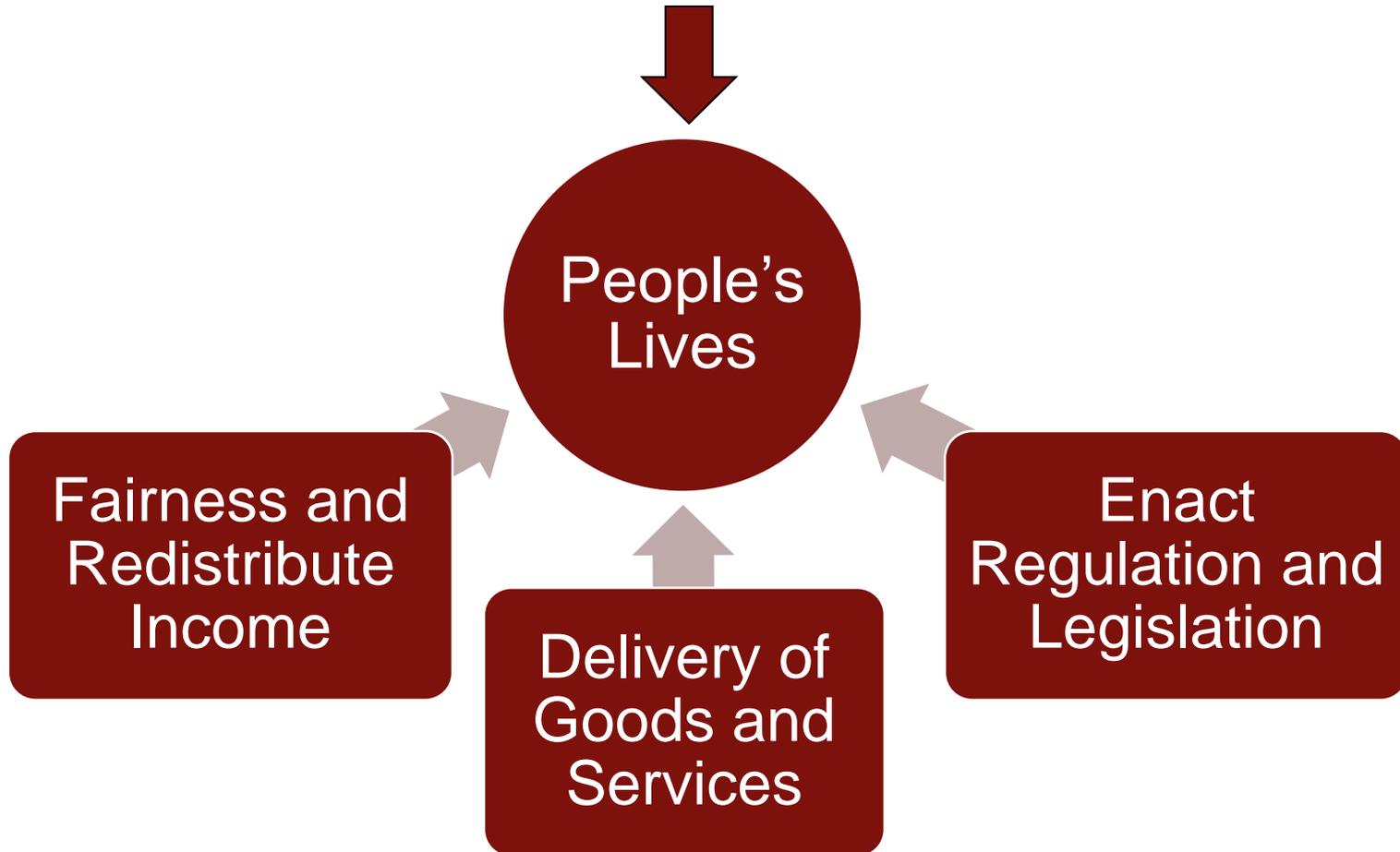
Effective Governance



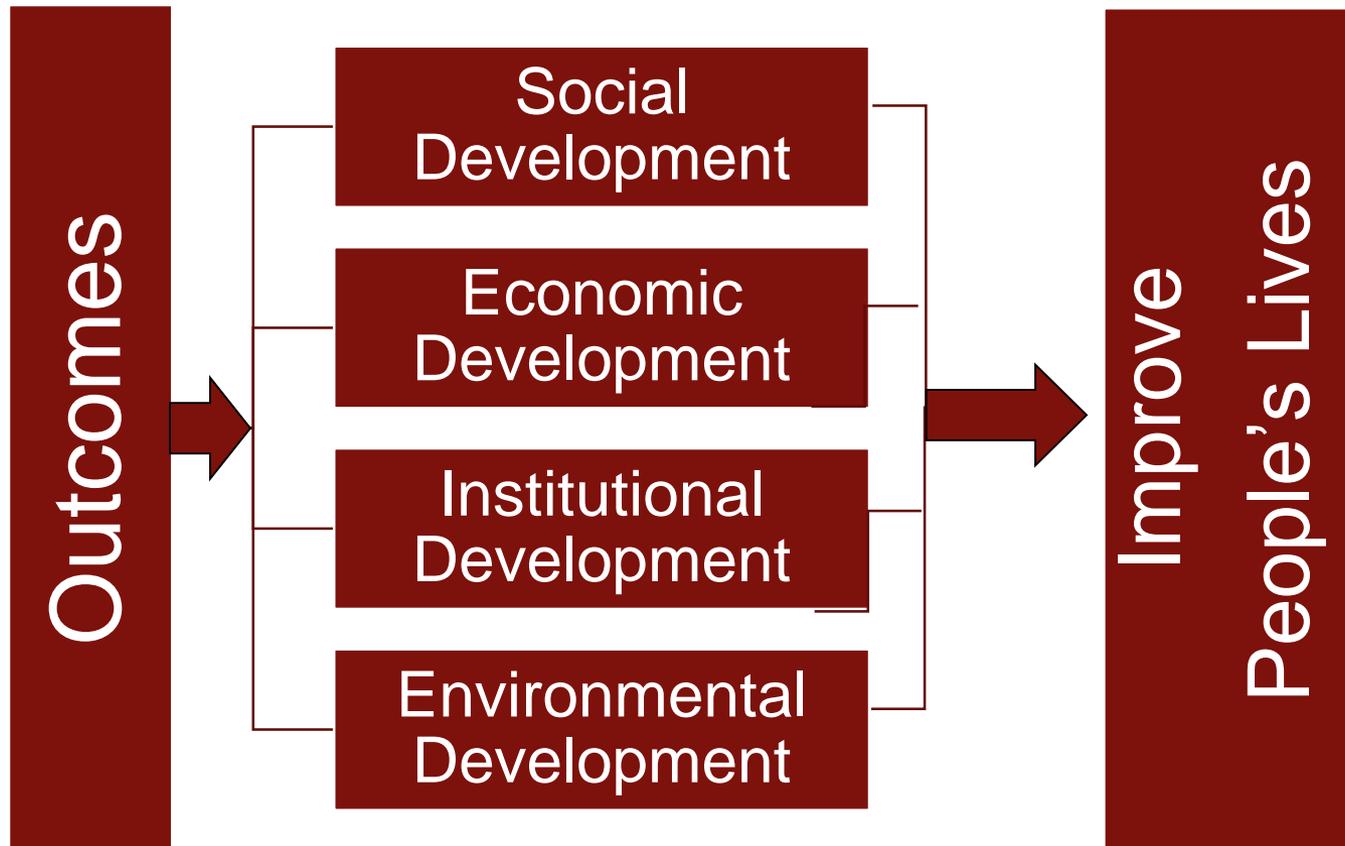
Effective Governance



Outcomes



Governance and Development

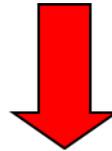


Codes or Principles of Good Governance (CIPFA 2013)

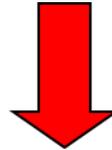
- Defining outcomes in terms of sustainable social, economic, and environmental benefits
- Identifying the interventions necessary to achieve the outcomes
- **Developing government capability**
- **Managing fiscal risks and promoting fiscal sustainability**
- **Promoting accountability through reporting and transparency**

Developing Government Capability in Colombia

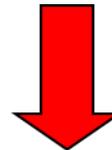
Federalism and Decentralization



Increased Municipal Role



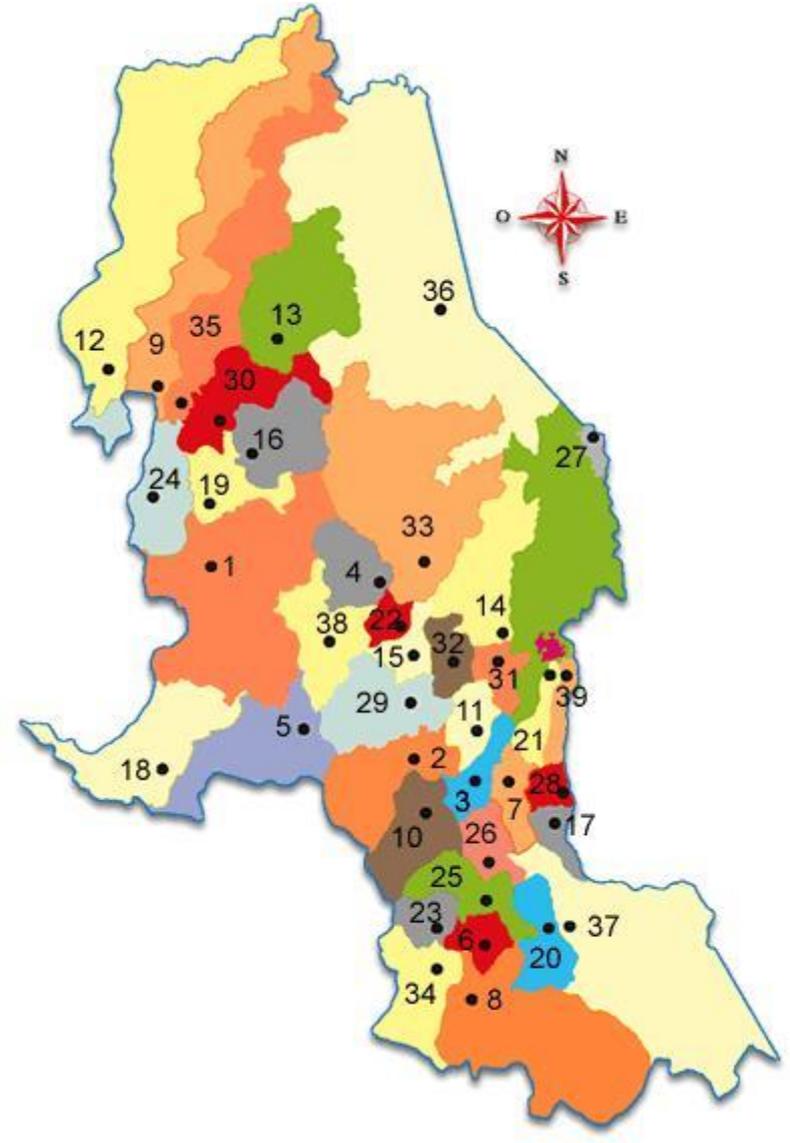
Planning, financing, and implementing public policies



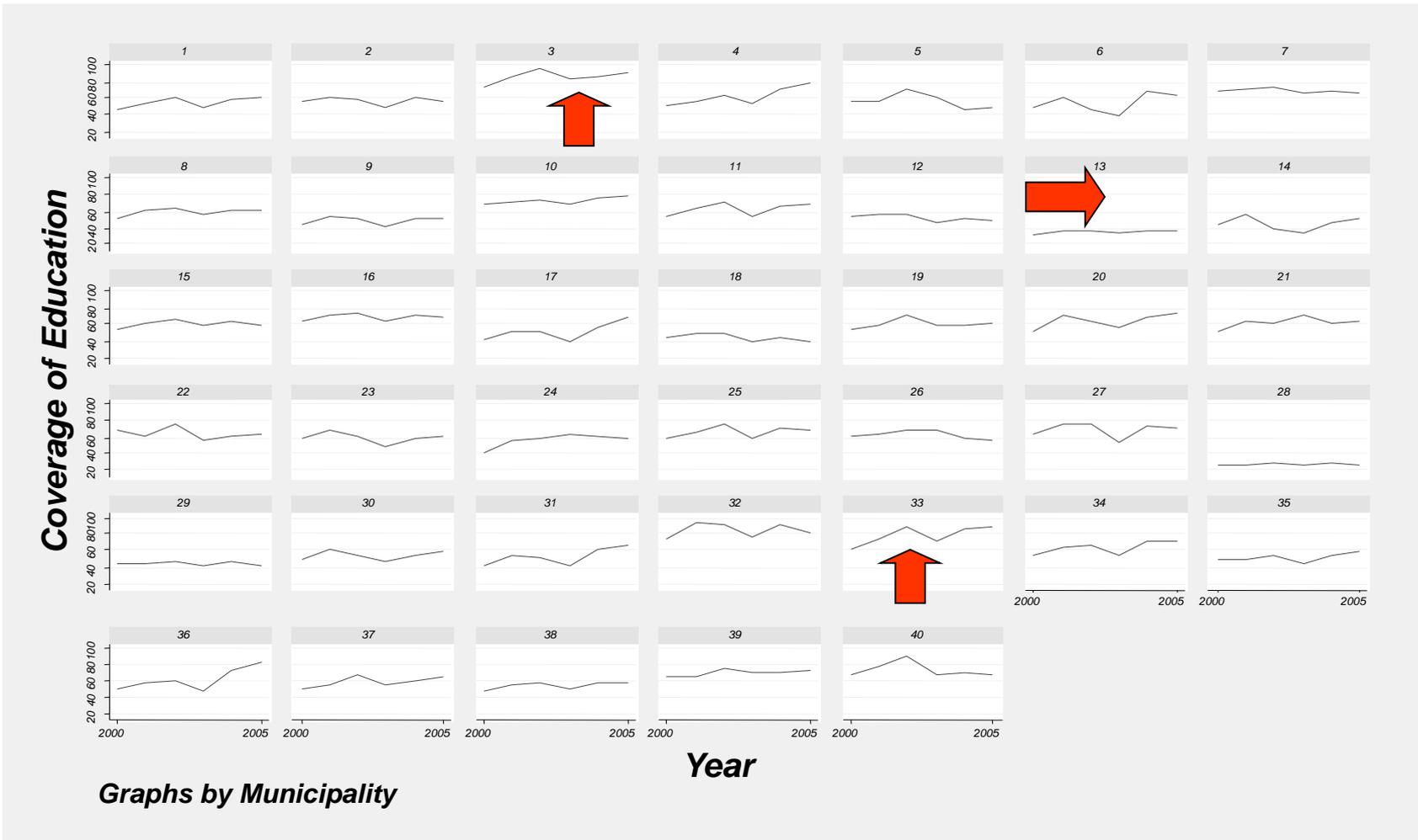
Variation in Human and Economic Development

Research Design

- 40 Cross-sectional Units
 - 40 municipalities of one of the 32 Colombian departments (states)
 - Across six years (2000-2005)
 - Three administrative years



Cobertura en Educacion Basica

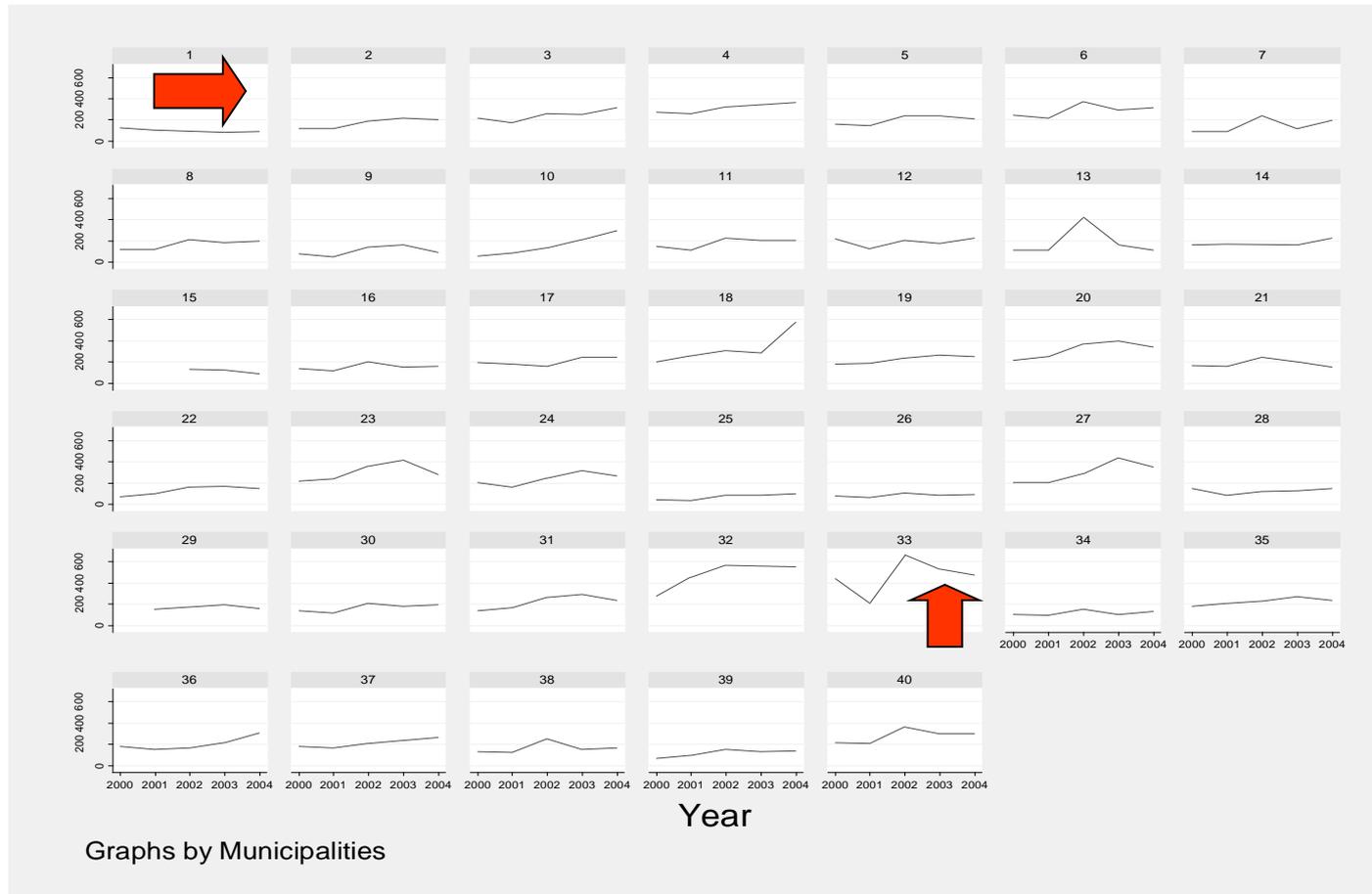


Recolección de Impuesto Predial Municipal



Graphs by Municipalities

Inversión Social Municipal



Developing Municipal Capability in Colombia

- **Leadership Capability**
Mayoral Capability
Education
Experience: public sector

Mayoral Qualifications

- Level of education
 - Primary (6%)
 - High School (31%)
 - Associate Degree (29%)
 - University Degree (30%)
 - Graduate Degree (4%)
- Job-related experience
 - Ex-mayor (21.62%)
 - Local Experience (63.18%)
 - Head of Department, Councilmen, Ombudsman, etc.
 - State/National Experience (24.88%)

Fixed-effect Estimations for Education Coverage

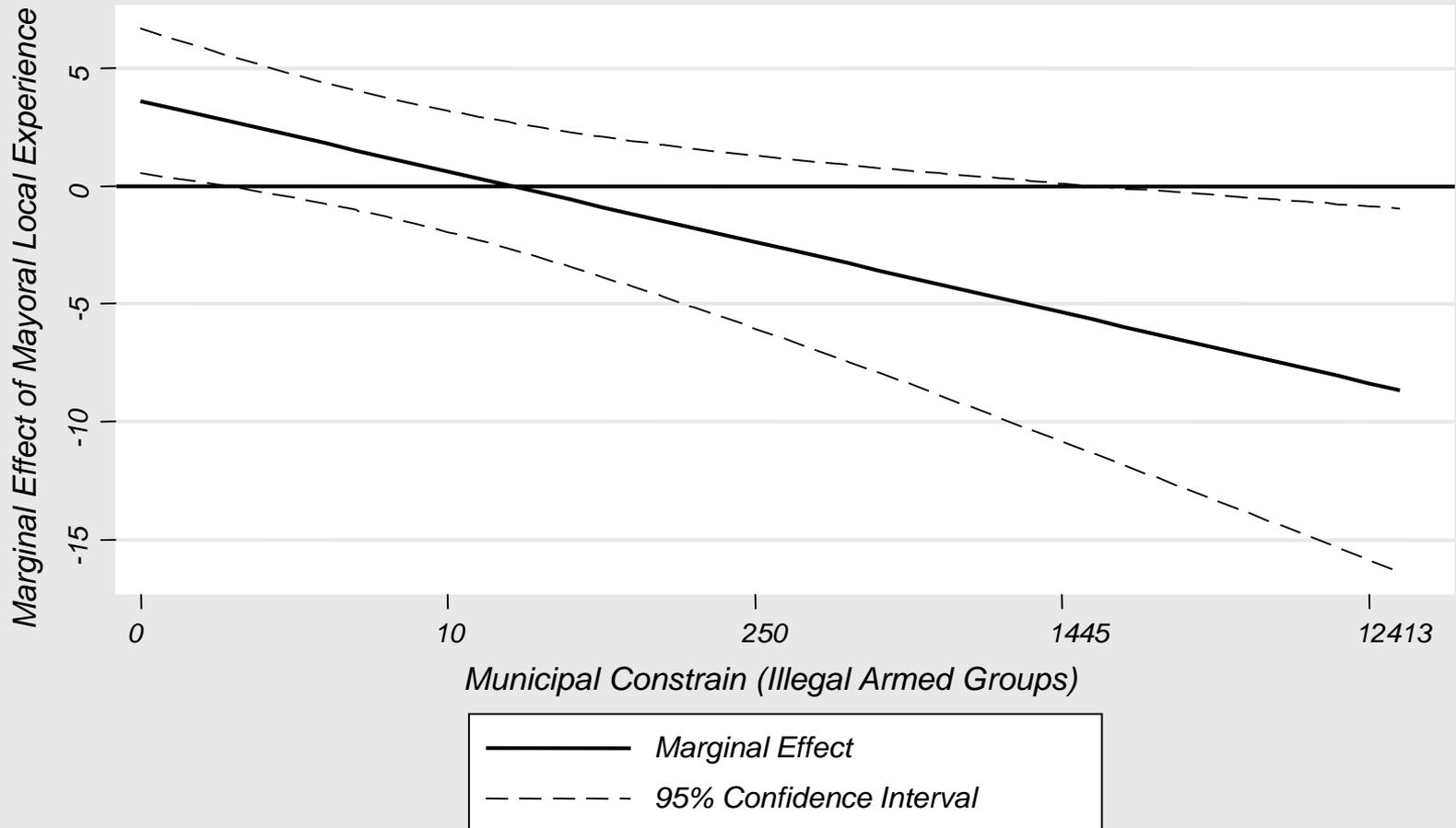
Independent Variables	Coefficient	Standard Errors
Mayoral Education Years	.77***	.21
Education Years*Constraints (ln)	-.08	.11
Local Experience	3.46**	1.58
Local Experience*Constraint (ln)	-2.92**	1.16
Ex-Mayor	-.47	1.69
Ex-Mayor* Constraint (ln)	-.32	1.22
State/National Expertise	1.61	1.52
State/Nat. Exp* Constraint	-2.24*	1.28
Mayor-Governor Same Party	-1.23	1.76
Councilmen Support	.05	.03
Citizens Support/Electoral Competitiveness	.01	.03
Conservative Party	-1.69	1.99
Oversight Agencies	.35	.26

Fixed-effect Estimations for Education Coverage (cont.)

Independent Variables	Coefficient	Standard Errors
Multi-Party System	.28	2.69
Two-Party System	-.65	1.90
Mayoral Party Alternation	.41	1.56
Population (ln)	-79.10**	41.03
Rural Population	-.05	3.37
Budget (ln)	1.57	2.60
Inequality	-.37**	.17
Second Administration Year	3.59*	1.91
Third Administrative Year	2.60	2.17
Constraint—Guerrillas (ln)	-3.31**	1.52
Constant	770.15**	393.80
Observations	195	
R ² within-group	.58	
F (28, 127): 8.62	Prob > F .00	

MARGINAL EFFECT OF MAYOR'S LOCAL EXPERIENCE ON EDUCATION COVERAGE AS THE CONSTRAIN VARIES

Dependent Variable: Coverage of Education



Conclusion

- Results suggest that education and public sector experience transmits to mayors a clear understanding of the need to increase education coverage in order to achieve both human and economic development
- Unfortunately, the positive benefits that education and experience bring are eroded by the municipal context—guerrillas

Developing Government Capability in Mexico

- **Civil Servants' Capability**
 - Managerial Capability
 - Middle-level managerial Capability
 - Bureaucratic Capability

Implementation of Merit System in Mexico

- It is regulated by the Law of the Professional Career Service (LSPC), adopted in 2003
- Its regulations were established in 2004 and reformed in 2007
- Provisions on professional service were published in 2011 and modified in 2012 and 2013.
- It was adopted to guarantee equal opportunities in getting access to public service

¹. http://www.asf.gob.mx/trans/Informes/IR2010i/Grupos/Gobierno/2010_0102_a.pdf (p.3)

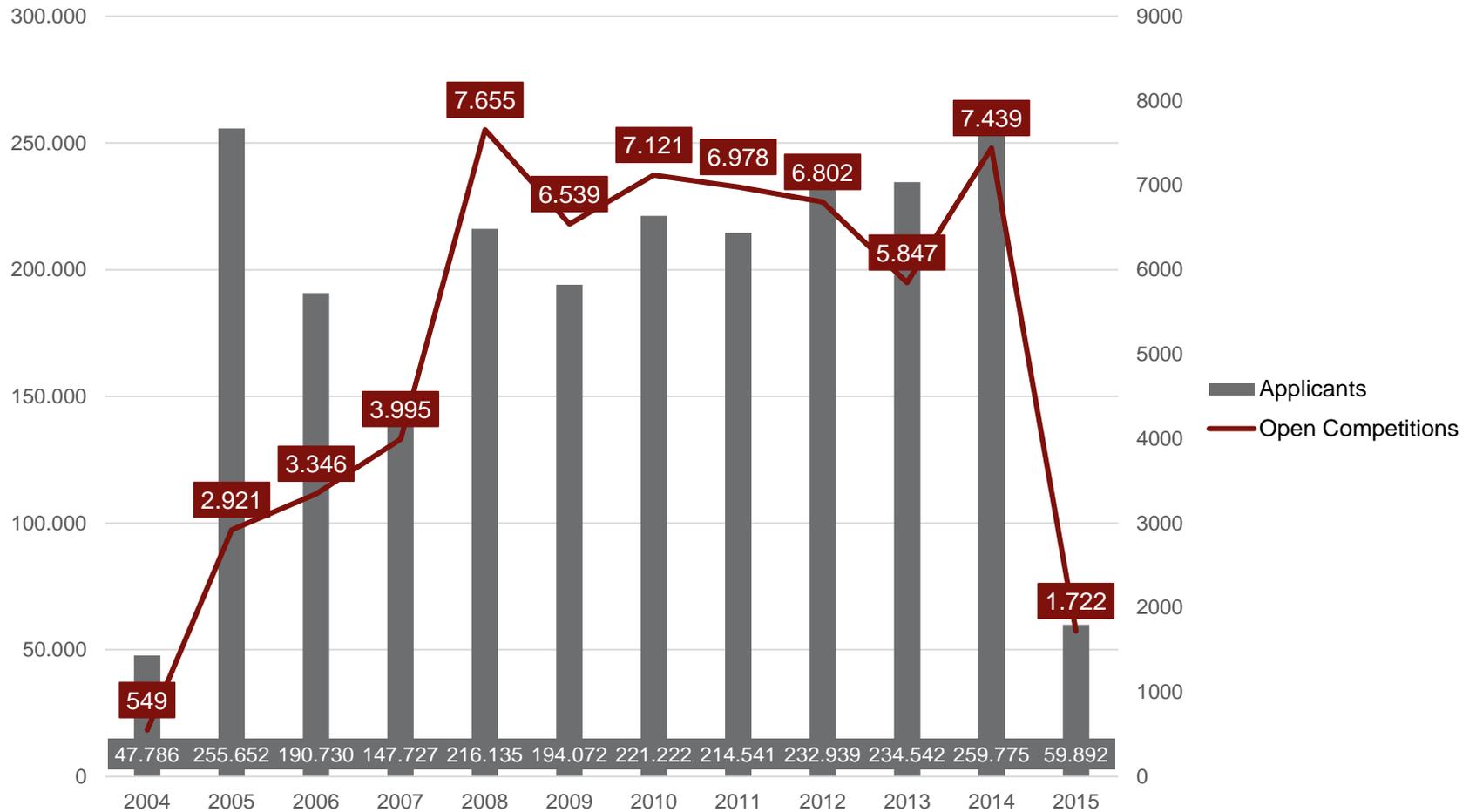
Professional Civil Service in Mexico

- The selection process includes evaluation of five dimensions:
 - (1) A technical evaluation (exam) carried out by the immediate supervisor
 - (2) A evaluation of skills given by the Ministry of Public Administration (SFP)
 - (3) Assessment of experience presented in the CV
 - (4) Assessment of merit based on CV
 - (5) One interview:
 - With the Selection Committee (3 members: immediate supervisor, who has veto power, a representative of HR, and an auditor of the Ministry of the Public Administration)
 - In each stage, the applicant gets a score. Then all the scores are added to obtain the final score
 - The candidate with the highest total score gets the job

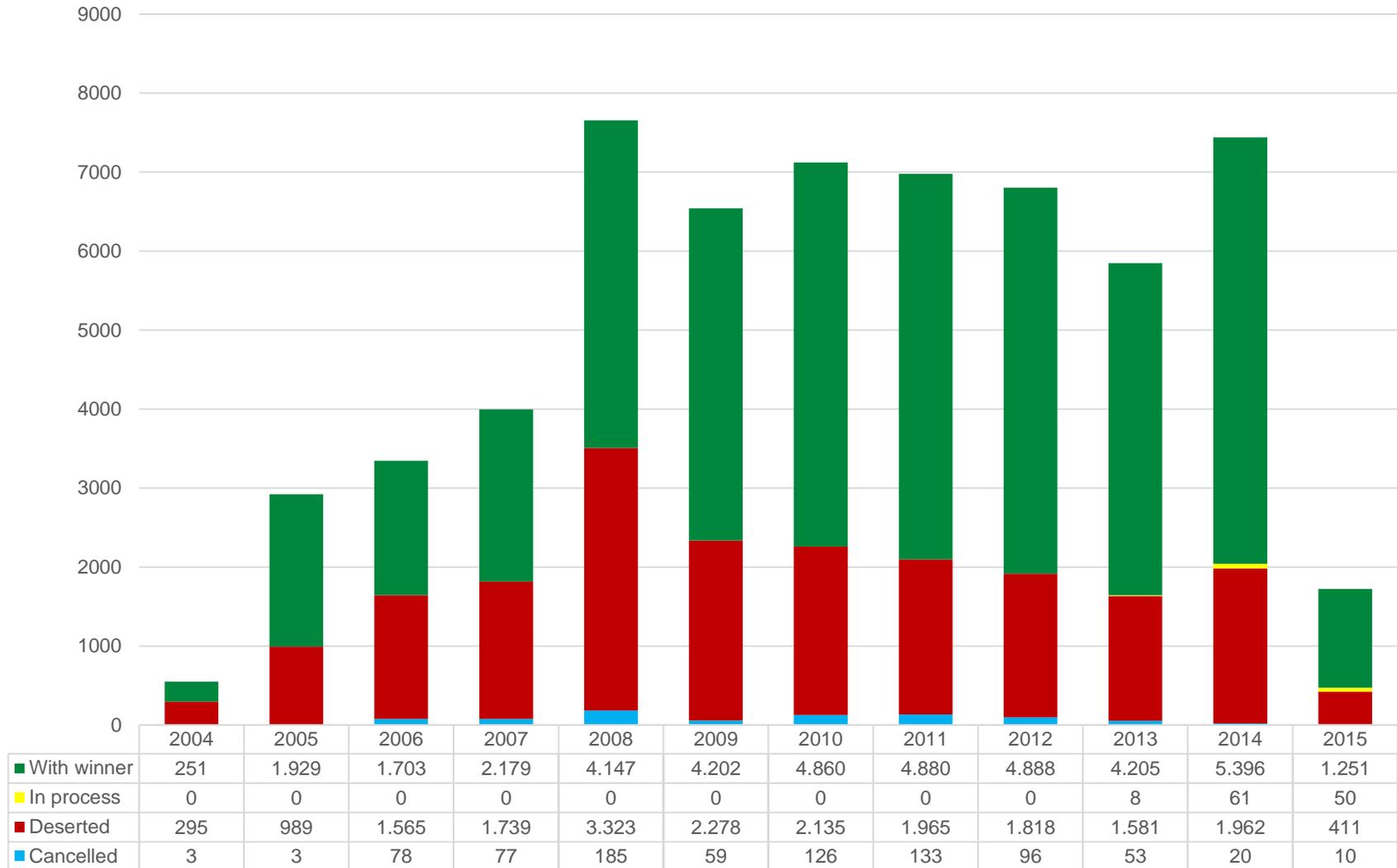
Data

- The data set includes all the job posts
- 60,914 job posts
- From 2003 until March 31st, 2015
- Include job posts for all the ranks
 - Liaison Officer, Department Head, Assistant Director, Director, Deputy General Director, General Director)
- Total applicants: 2'275,013

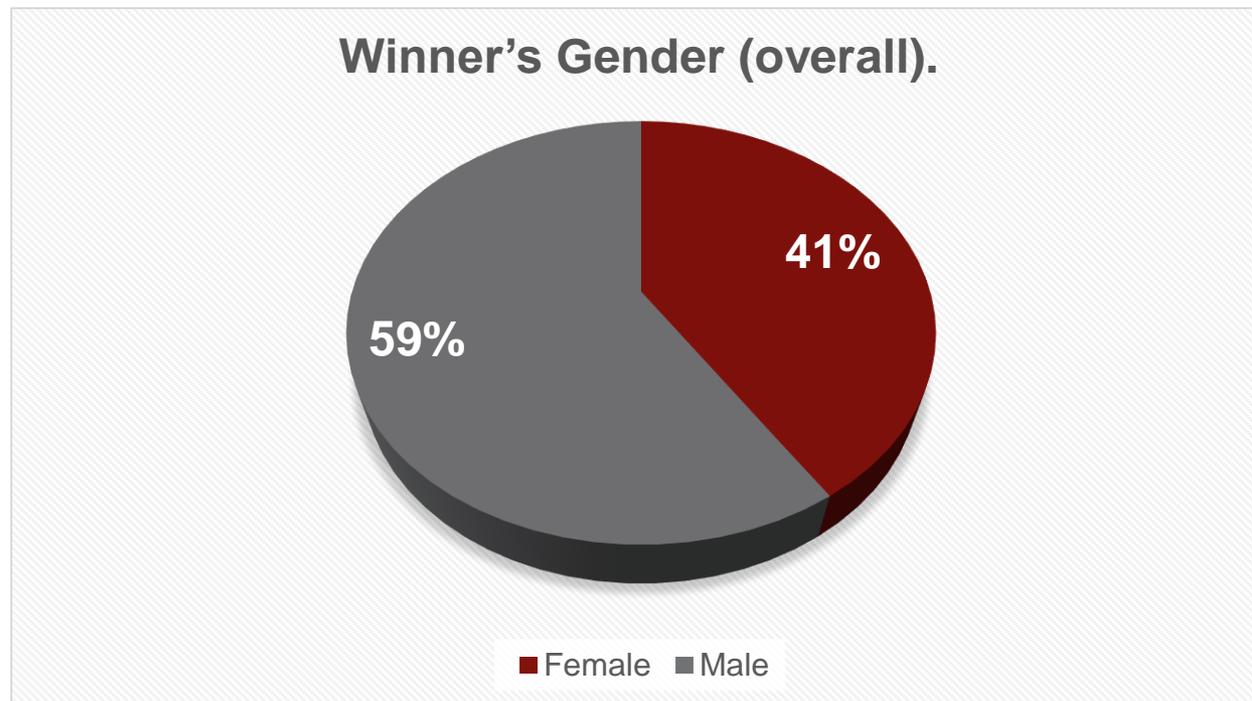
Job Listings / Applicants 2004-2015



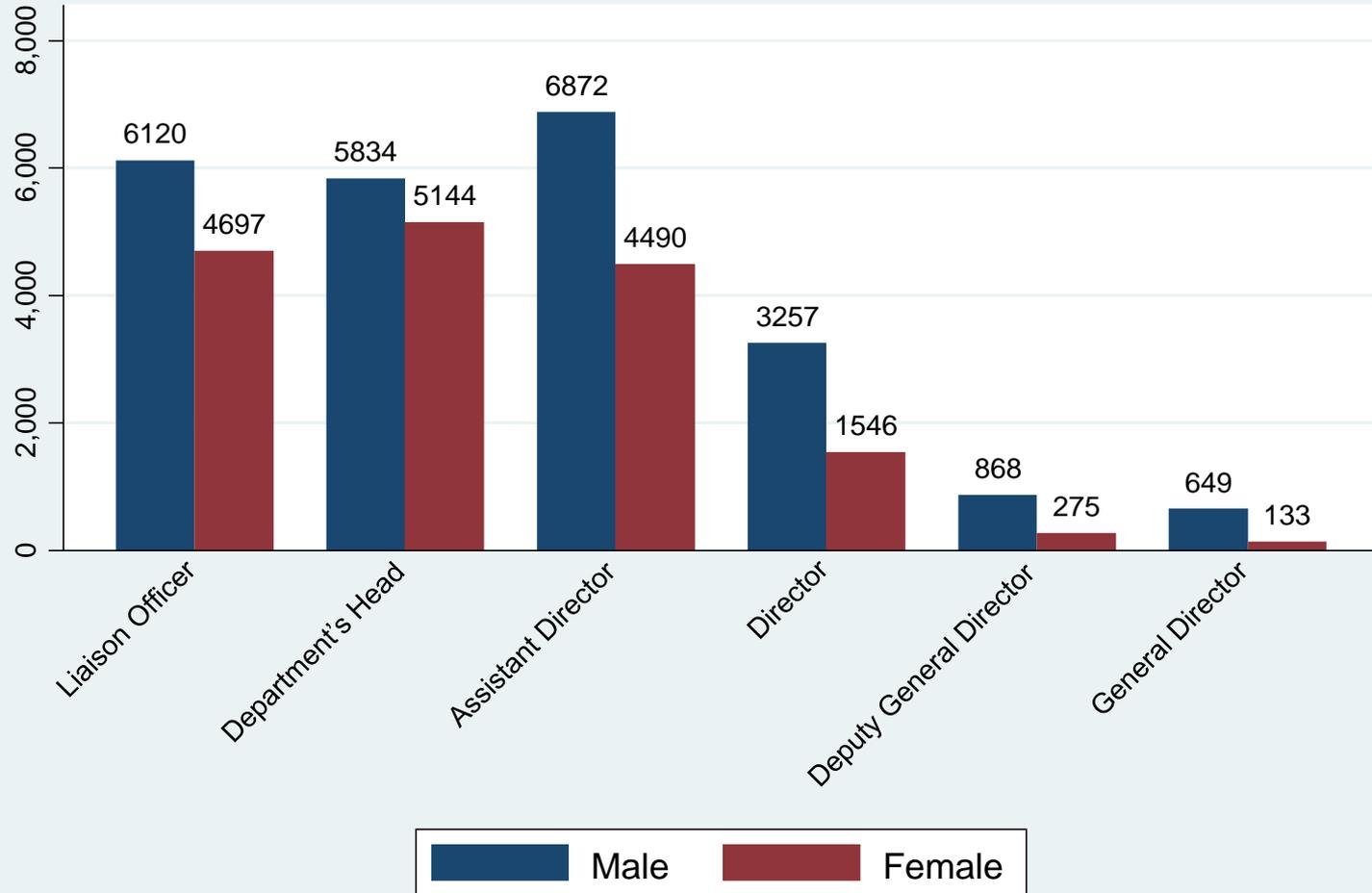
Status of Job Listings

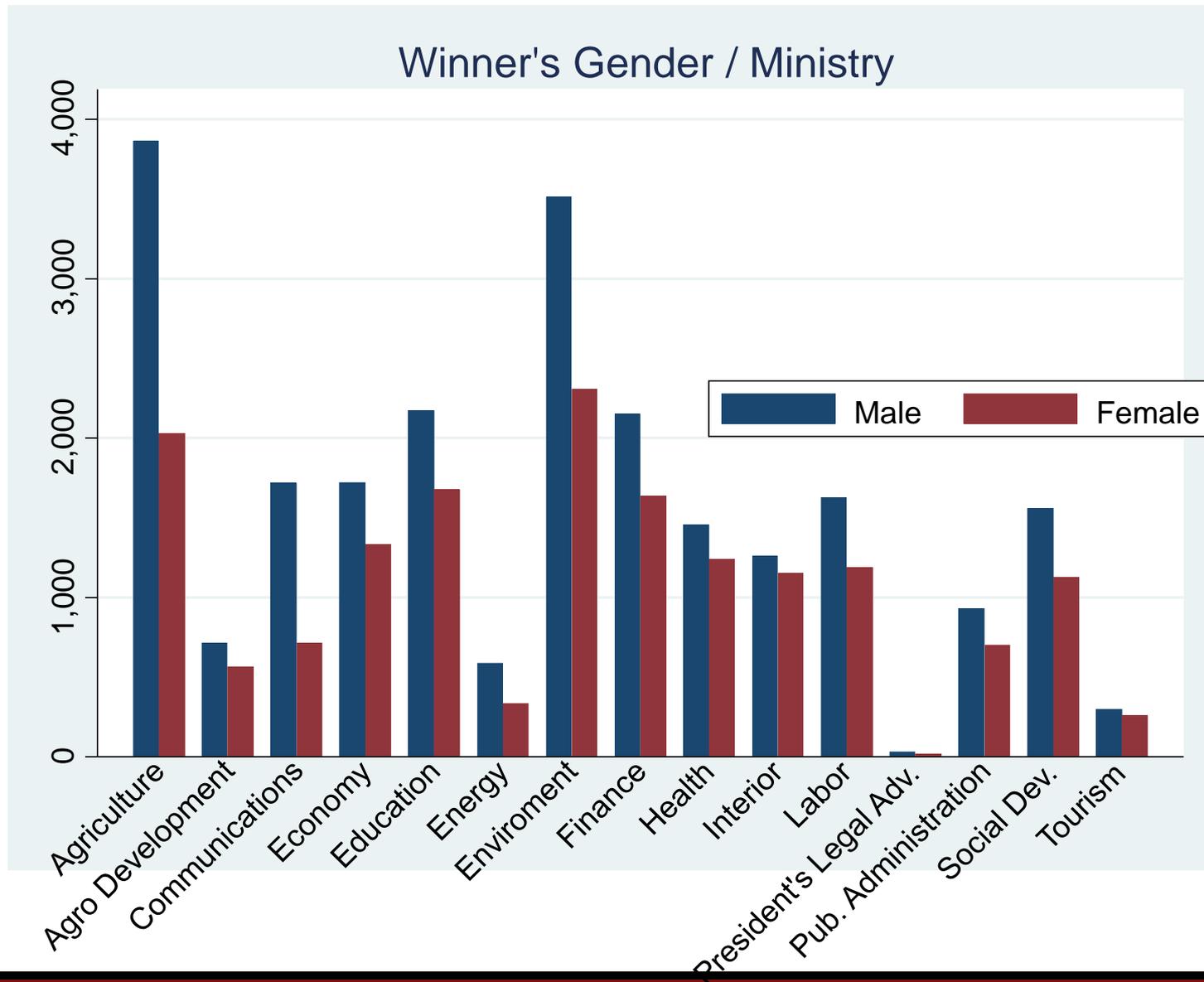


The Effect of Gender



Winner's Gender / Job Rank





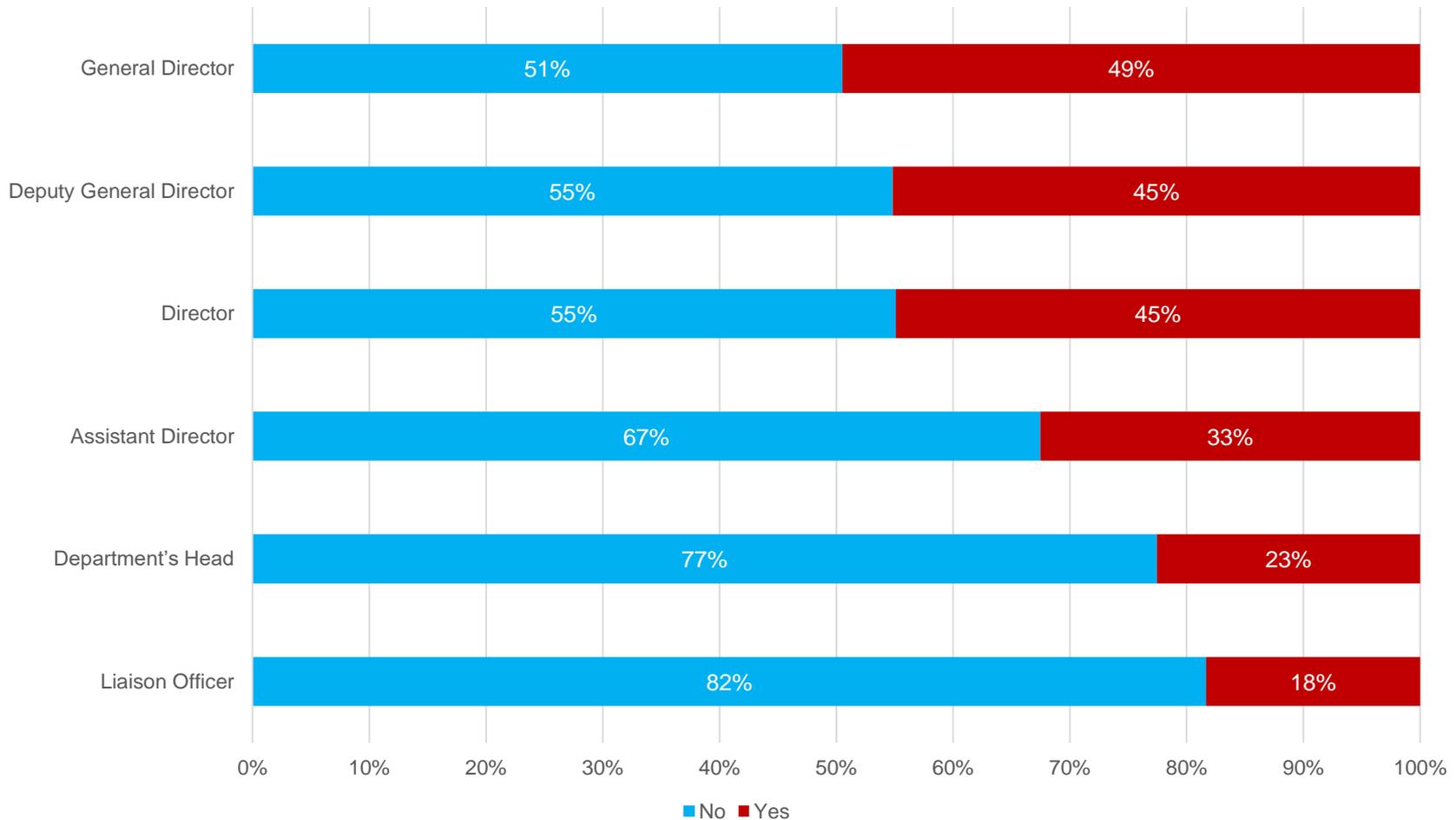
The Role of the Interim Position

- The LSPC allows that, in exceptional cases, a temporary worker could be appointed as interim before the job listing is published for open competition.¹
- The interim appointment has a maximum length of 10 months.
- The job listing (open competition) must be published within the first 45 business days after the interim is appointed.²

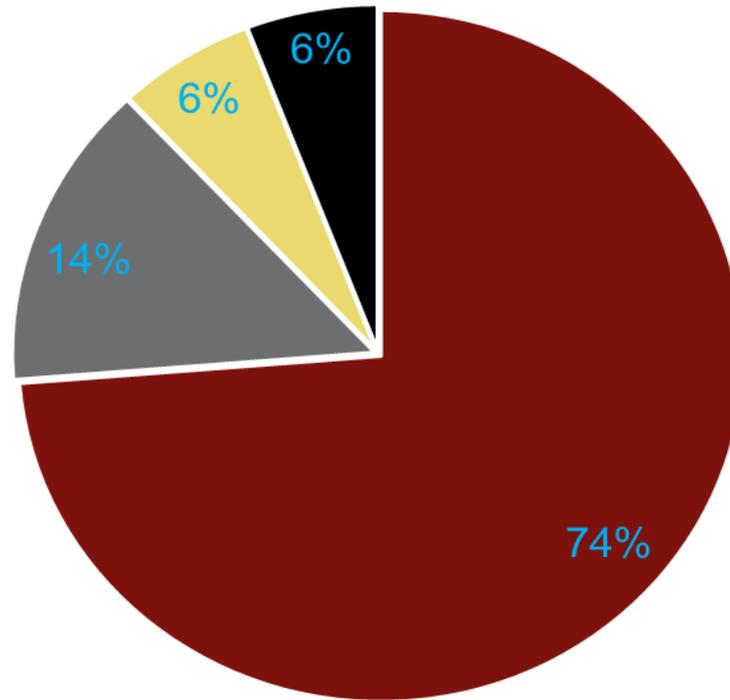
¹The Professional Career Service Law, Art. 34

²Regulation of the Professional Career Service Law, Art. 92

Won Interim Candidate at Job Post

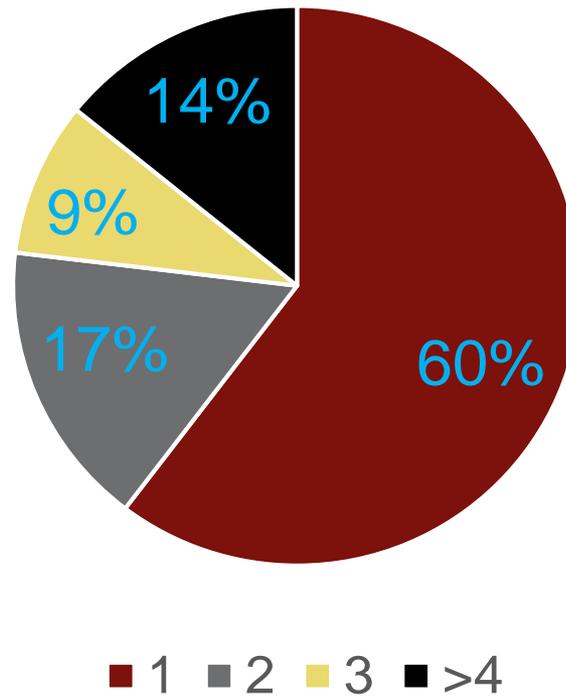


Technical Knowledge Exam: Winner's Rank

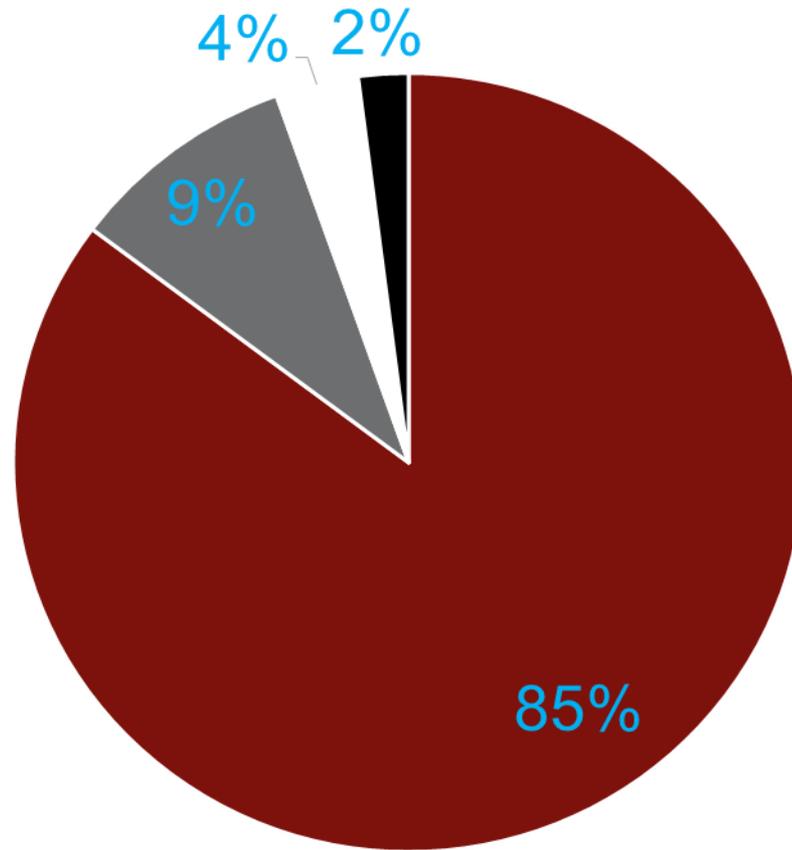


■ 1 ■ 2 ■ 3 ■ >4

Executive Skills Exam: Winner's Rank

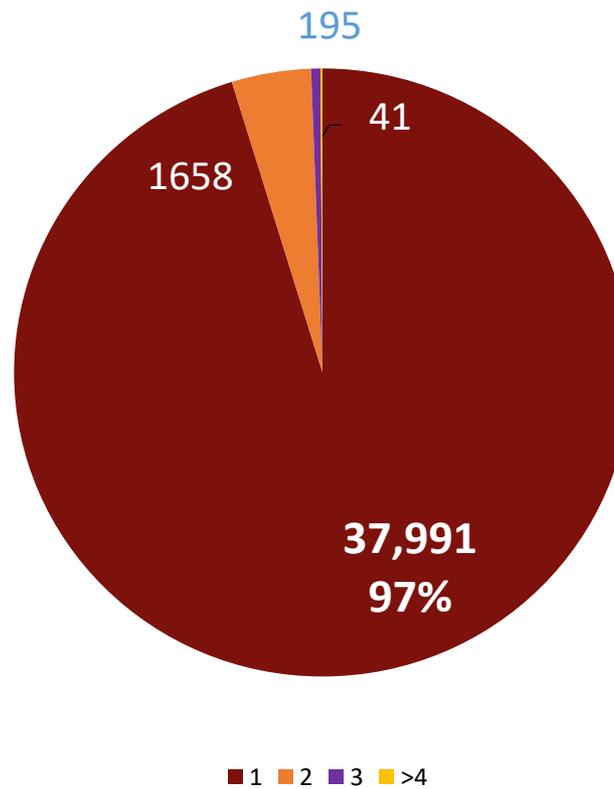


Assessment of Experience: Winner's Rank



■ 1 ■ 2 ■ 3 ■ >4

Assessment of Interview: Winner's Rank



Promoting Government Capability

- Government Capability
 - Leadership Capability
 - Bureaucratic Capability
 - **Associativism**
 - **Understanding Decision Making**

Promoting Government Capability through Associativism in Honduras



Research Design: Survey-Experiment

- 143 (out of 298) Honduran mayors
- Mayors' National Convention
 - AMHON: Association of Municipalities of Honduras
 - La Ceiba, Atlántida, Honduras
 - Quinta Real Convention Center
 - 240 (out of 298) mayors attended
 - April 25-27, 2012
 - 2012 : 2010-2014 mayoral administration

Municipal Scenarios

- Assume you receive 1 million of lempiras (~US\$ 50.000) from an international donor agency to solve the main need in your municipality (that is, no access to education—or infrastructure). However, the international donor agency asks you to choose from the following three alternatives to spend the donating money:

Municipal Scenarios

- You will have full autonomy over these 1 million lempiras to deal with your main municipal problem
- You can use 500.000 lempiras as you want, and the other 500.000 lempiras will be delegated to the **National Association of Municipalities of Honduras (AMHON)** for it to fix your municipal main problem
- You can use 500.000 lempiras as you want, and the other 500.000 lempiras will be delegated to the **most important regional association of municipalities** your municipality belongs to

Mayoral Decision to Delegate Based on Agency and Problem Type

Between-subjects Design

Type of Municipal Problem

Within-subjects Design

Mayoral Choice

No problem Education Infrastructure

Mayoral Choice	No problem	Education	Infrastructure	Total
Not to delegate spending	33	33	33	99 (9.2%)
Delegate to a national association of municipalities	1	4	3	8 (5.6%)
Delegate to a regional association of municipalities	15	9	12	36 (25.2%)
	49 (34.3%)	36 (25.2%)	48 (35.5%)	143

Mayors' Qualifications

- Local Public Experience
 - Yes: 54 (38%)
 - No: 89 (62%)
- Education
 - Primary degree: 38 (26.4%)
 - High School degree: 45 (30.8%)
 - Technical/occupational degree: 23 (17.8%)
 - University degree: 33 (22.9%)
 - Master's degree: 3 (2.1%)

	ANOVA test				Logit Coeff./ Robust SE	Logit Coeff./ Robust SE
	df	Mean square	F-value	Prob > F		
Type of Municipal Problem (no problem, education, or infrastructure)	2	.005	0.02	0.976		
Education Problem					-0.60 (0.79)	-0.64 (0.79)
No problem (control)					0.11(0.48)	0.20(0.50)
Local/regional municipal associations	1	0.320	1.10	0.297	0.15 (0.09)	0.14(0.10)
Electoral competitiveness (margin victory)	1	1.525	7.26	0.008**	-0.07(0.02)***	-0.68(0.02)***
Mayor's councilmen's political support	1	0.971	4.62	0.033**	0.09(0.04)**	0.09(0.04)**
Mayor's education above high School	1	0.172	0.82	0.366	-0.57(0.50)	0.43(0.49)
Mayor's local public experience	1	0.514	2.45	0.120	0.40(0.49)	-0.57(0.50)
Local public experience*education problem	2	0.093	0.45	0.640	0.75(0.87)	0.80(0.91)
Mayor's education*education problem	2	0.090	0.43	0.651	0.59(0.89)	0.72(0.93)
<i>Controls</i>						
Rural Population						-0.01(0.01)
Number of Reelections						0.01(0.28)
Mayor's Liberal Ideology						-0.3(0.43)
Model	11	0.284	1.35	0.2034		
Residual	126	0.210				
Constant					-5.03(2.19)**	-4.18(2.35)*
Number of Observations	138				138	138
R-squared/Pseudo R-squared	0.11				0.09	0.11
Wald chi2 (12)					15.86	17.56
Prob > chi2					0.06	0.12

* $p < .1$; ** $p < .05$; *** $p < .01$

Conclusion

- Neither mayors' education nor mayors' public sector experience seem to influence mayoral delegation of budget
- Political factors, such as margin of electoral victory and city council's partisan support, tend to explain mayoral delegation of budget

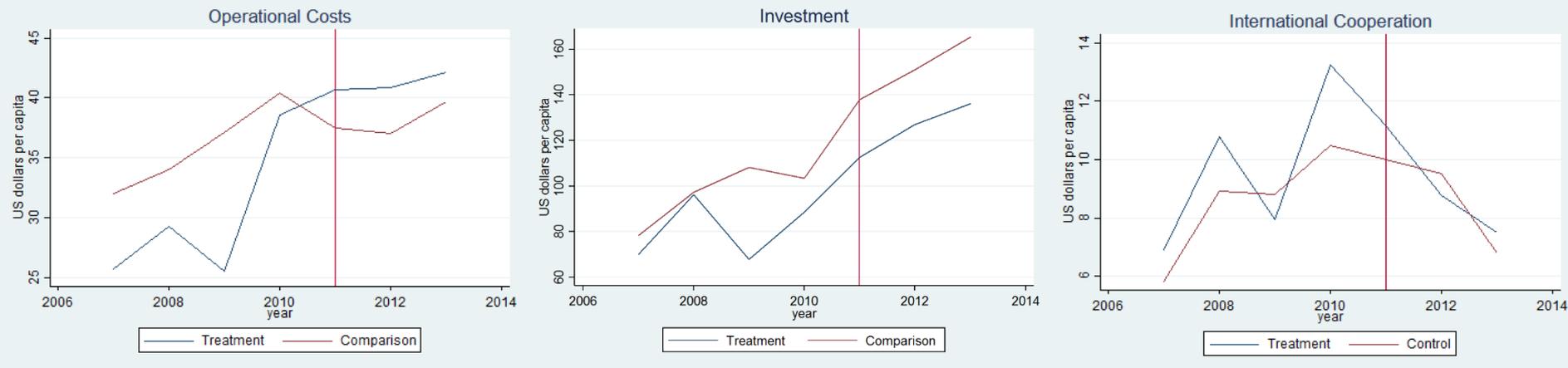
Codes or Principles of Good Governance (CIPFA 2013)

- Defining outcomes in terms of sustainable social, economic, and environmental benefits
- Identifying the interventions necessary to achieve the outcomes
- **Developing governmental capability**
- **Managing fiscal risks and promoting fiscal sustainability**
- **Promoting accountability through reporting and transparency**

Managing Fiscal Risks: Budgetary Regulations in Ecuador

- Constitutional Changes
 - The Constitution of 2008 mandated the creation of new legislation:
 - Código Orgánico de Planificación y Finanzas Públicas (COPFP)
 - Código Orgánico de Organización Territorial, Autonomía, y Descentralización (COOTAD)
- Strict Debt Ceiling
 - **Decreased from 40% to 25% at the end of 2010 (COPFP)**

Specific Reforms: Budgetary Regulations in Ecuador



In 2011, reduction in municipal debt ceiling from 40 to 25% of total municipal revenues

The effects of debt ceilings on Ln (Operational Cost Per Capita)

		Model 1	Model 2	Model 3
Diff-Diff Estimator	Policy X Post	-0.0128 (0.0396)	-0.4503*** (0.0733)	-0.4207*** (0.0851)
Granger Test	Policy X Post (t+1)		0.4205*** (0.0576)	0.4079*** (0.0729)
Political Explanations	Mayor-Prefect-President co-partisanship	-0.1787** (0.0904)	-0.0991 (0.0702)	-0.1787** (0.0904)
	Left Government	0.0839* (0.0449)	0.0658* (0.0365)	0.0839* (0.0449)
Controls	Royalties	0.1148*** (0.0333)	0.0828*** (0.0255)	0.1148*** (0.0333)
	Neighborhood Associations	-0.0025** (0.0011)	-0.0008 (0.0009)	-0.0025** (0.0011)
	Observations	1366	1420	1366
	Municipalities	203	214	203
	Year and Municipality Fixed-Effects	YES	YES	YES
	Weights	YES	NO	YES
	R ² : within	0.5816	0.5868	0.5816

Cluster Robust Standard Errors in parentheses: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The effects of debt ceilings on Ln (Investment Per Capita)

		Model 4	Model 5	Model 6
Diff-Diff Estimator	Policy X Post	0.0100 (0.0463)	-0.4286*** (0.0782)	-0.4351*** (0.0896)
Granger Test	Policy X Post (t+1)		0.4396*** (0.0637)	0.4451*** (0.0788)
Political Explanations	Reelected Mayor	-0.2732** (0.1073)	-0.3132*** (0.0733)	-0.2732** (0.1073)
Controls	Log(GDP)	0.1142** (0.0506)	0.1128** (0.0435)	0.1142** (0.0506)
	Extreme poverty	0.0094** (0.0042)	0.0103*** (0.0033)	0.0094** (0.0042)
	Child Mortality Rate	0.0026*** (0.0009)	0.0020** (0.0009)	0.0026*** (0.0009)
	Observations	1366	1420	1366
	Municipalities	203	214	203
	Year and Municipality Fixed-Effects	YES	YES	YES
	Weights	YES	NO	YES
	R ² : within	0.3884	0.3845	0.3884

Cluster Robust Standard Errors in parentheses: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The effects of debt ceilings on Ln (International Cooperation)

		Model 7	Model 8	Model 9
Diff-Diff Estimator	Policy X Post	-0.166 (-0.1797)	-0.6648* (-0.3807)	-1.3144*** (-0.4025)
Granger Test	Policy X Post (t+1)		0.5372 (-0.3379)	1.1484*** (-0.4008)
Political Explanations	Mayor-Council Co-partisanship	-0.0082** (-0.0035)	-0.0076** (-0.0033)	-0.0082** (-0.0035)
	Margin of Victory	0.0131** (-0.0051)	0.0121** (-0.0052)	0.0131** (-0.0051)
Controls	Extreme poverty	0.0477* (-0.0246)	0.0074 (-0.0195)	0.0477* (-0.0246)
	Observations	1200	1248	1200
	Municipalities	193	204	193
	Year and Municipality Fixed-Effects	YES	YES	YES
	Weights	YES	NO	YES
	R ² : within	0.108	0.0768	0.108

Cluster Robust Standard Errors in parentheses: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Codes or Principles of Good Governance (CIPFA 2013)

- Defining outcomes in terms of sustainable social, economic, and environmental benefits
- Identifying the interventions necessary to achieve the outcomes
- **Developing governmental capability**
- **Managing fiscal risks and promoting fiscal sustainability**
- **Promoting accountability through reporting and transparency**

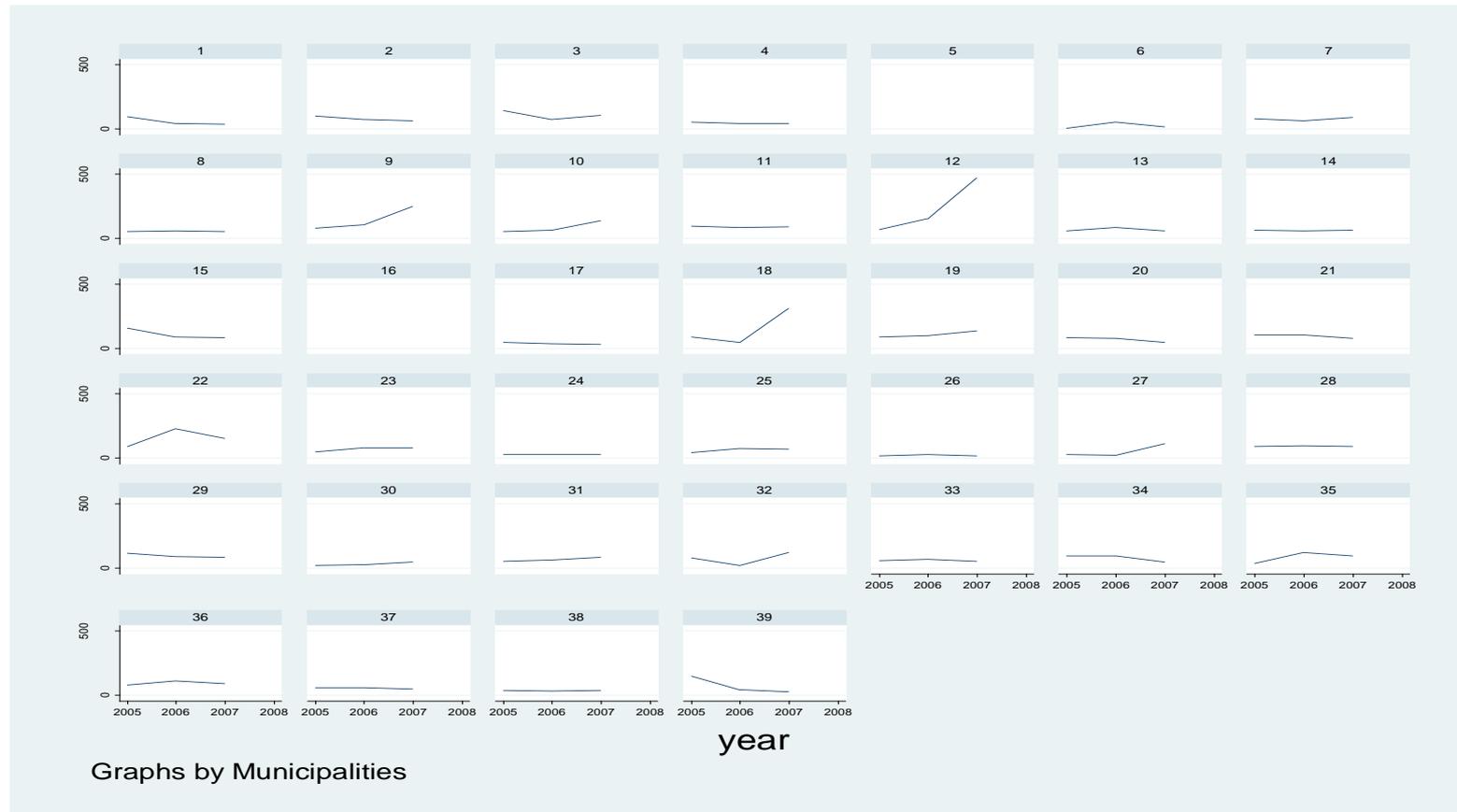
Promoting Fiscal Sustainability Through Property Tax Collection in Brazil

- Since 1988, municipalities are in charge of collecting property tax
- They are autonomous in setting the tax rate
- They have autonomy to offer incentives for encouraging tax payment

Research Design

- Cross-sectional and time-series
 - 827 out of the 853 municipalities of Minas Gerais
 - Across a six-year period (2005-2010)
 - Two mayoral administrations
 - **2005-2006-2007-2008**
 - **2009-2010-2011-2012**

Property Tax Collection in Brazilian Municipalities



Estimation Model

$$\text{Property Tax Collection/capita}_{it} = \beta_1 Y_{it-1} + \beta_2 \text{Mayoral Qualifications}_{it} + \beta_3 X_{it} + \alpha_i + \mu_{it}$$

$$X = \left\{ \begin{array}{l} \text{Political Support} \\ \text{Institutional Factors} \\ \text{Demographic Factors} \\ \text{Controls} \end{array} \right.$$

Table 6. Explaining Property Tax Collection/capita in Brazilian Municipalities (2005-2010)

	(1)	(2)	(3)
	Random-Effects	Fixed-Effects	Arellano-Bond
Lag Property Tax Collection/cap			-0.42***
Governor-Mayor Party Alignment	-0.37	-0.21	-0.33
President-Mayor Party Alignment	-0.44	-0.61	-1.83
City Council Support	0.67***	0.63***	0.44*
Margin of Victory	-0.02	-0.02	-0.01
Leftist Government	0.32	0.44	0.30
GDP/cap	0.00	0.00	0.00
Mayor's Education	0.12	0.14	0.04
Mayor's Age	0.02	0.01	-0.00
Mayor's Public Sector Experience	-0.65	-0.71	-0.74
Mayor's Second Term	0.08	0.31	0.65
Royalties (ln)	0.07	0.10	-0.07
Number of Properties (ln)	6.48***	-7.68	-51.88**
Lag Expenditures (ln)	4.47***	8.53***	-1.53
Total Grants (ln)	-0.85	-5.48***	10.42***
First Administration Year	2.32***	1.46***	5.69***
Second Administration Year	4.73***	4.34***	5.39***
Third Administration Year	3.01***	2.20***	4.95***
Constant	-103.94***	18.72	284.93***
Observations	4,632	4,632	2,936
R-squared		0.08	
Arellano-Bond Test AR(1): $p > z$			0.90
Arellano-Bond Test AR(2): $p > z$			0.62
Sargan Test, $p > X^2$			0.22
Number of Municipalities	827	827	810

Promoting Fiscal Sustainability: Property Tax Collection in Colombian Municipalities

- Unit of analysis: 905 out of 1105 municipalities
- Period of study: 2005-2008
- Property tax collection/capita
- Property tax collection as a percentage of total property valuation

Explaining Property Tax Collection in Colombia	(1) ln(property tax collected in CO\$ 1,000s per capita)	(2) property tax collected as a percentage of total property valuation
Lagged dependent variable	0.8523***	0.4897***
Total property valuation per capita	0.0042	
Mayor's formal education (number of years)	-0.0028	-0.0035
Mayor's years of public sector experience	0.0039***	0.0009
Director of Finance's public sector experience	-0.0005	0.0000
Number of middle managers/1000 pop.	0.0208	0.0199
(Number of middle managers/1000 pop) ²	0.0016	0.0035
Mayor is of a conservative party (dummy)	-0.0710***	-0.0111
Mayor-state governor same party	0.0067	-0.0161
Total transfers per capita (CO\$ millions)	-0.0265	0.0069
Development index	0.0055***	-0.0002
Province-level transparency index (the higher,	0.0038**	0.0019*
Province established late (dummy)	0.1320***	-0.0081
Municipal population of 100,000 or more	0.0581	0.0278
Percent of properties that are rural	-0.0010*	-0.0002
Number of properties / population	0.1237***	-0.0653**
Number of displaced people (in 1000s)	-0.0019*	-0.0001
Third administration year (= 2006)	0.0772**	0.0095
Fourth administration year (= 2007)	0.0396	0.1474***
Constant	-0.3148**	0.1386
Observations	2,075	2,075
R ²	0.82	0.32

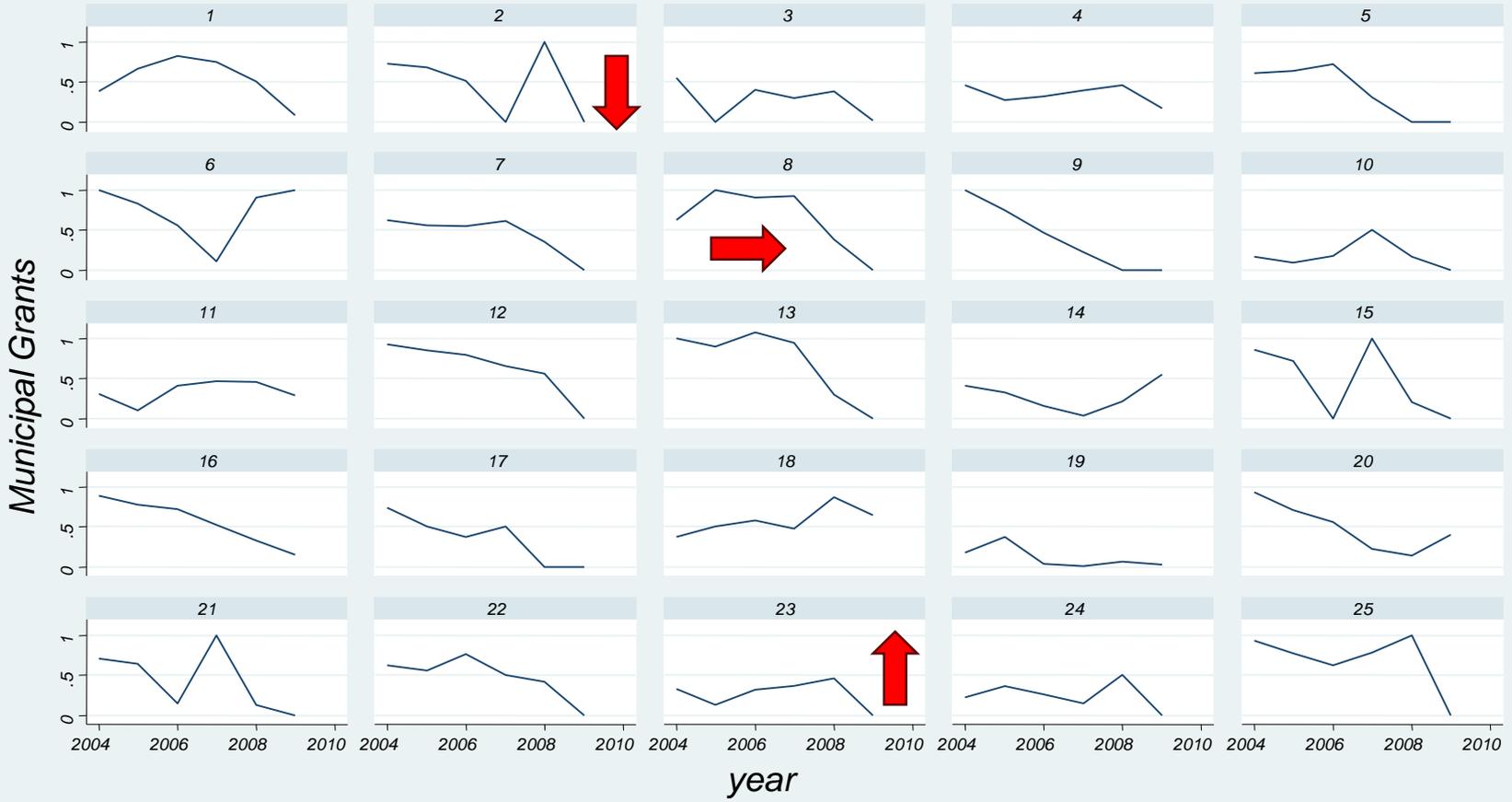
Conclusion

- Results suggest that public sector experience transmits to mayors a clear understanding of the need to collect taxes in order to fund operations and public services

Promoting Fiscal Sustainability in El Salvador



Municipal Extra Revenue Funding: Grants



Graphs by Municipality

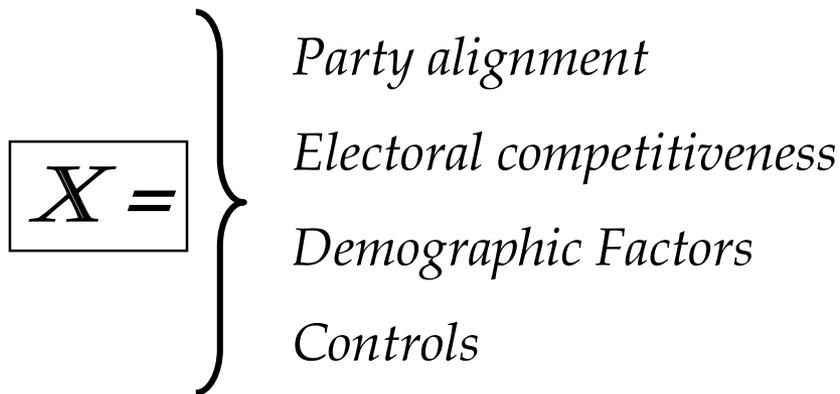
Models

$$\begin{aligned} \text{Electricity Coverage}_i &= \beta_1 + \beta_2 \text{Mayoral Qualifications}_i + \\ &+ \beta_3 \text{Maras}_i + \beta_4 \text{Maras} * \text{Mayoral Qualifications} + \beta_5 X_i + \mu_i \end{aligned}$$

$$\begin{aligned} \text{Running Water Coverage}_i &= \beta_1 + \beta_2 \text{Mayoral Qualifications}_i + \\ &+ \beta_3 \text{Maras}_i + \beta_4 \text{Maras} * \text{Mayoral Qualifications} + \beta_5 X_i + \mu_i \end{aligned}$$

$$\begin{aligned} \text{Education Coverage}_i &= \beta_1 + \beta_2 \text{Mayoral Qualifications}_i + \\ &+ \beta_3 \text{Maras}_i + \beta_4 \text{Maras} * \text{Mayoral Qualifications} + \beta_5 X_i + \mu_i \end{aligned}$$

$$\begin{aligned} \text{Total Grants}_i &= \beta_1 + \beta_2 \text{Mayoral Qualifications}_i + \\ &+ \beta_3 \text{Maras}_i + \beta_4 \text{Maras} * \text{Mayoral Qualifications} + \beta_5 X_i + \mu_i \end{aligned}$$



Salvadorian Mayors' Education

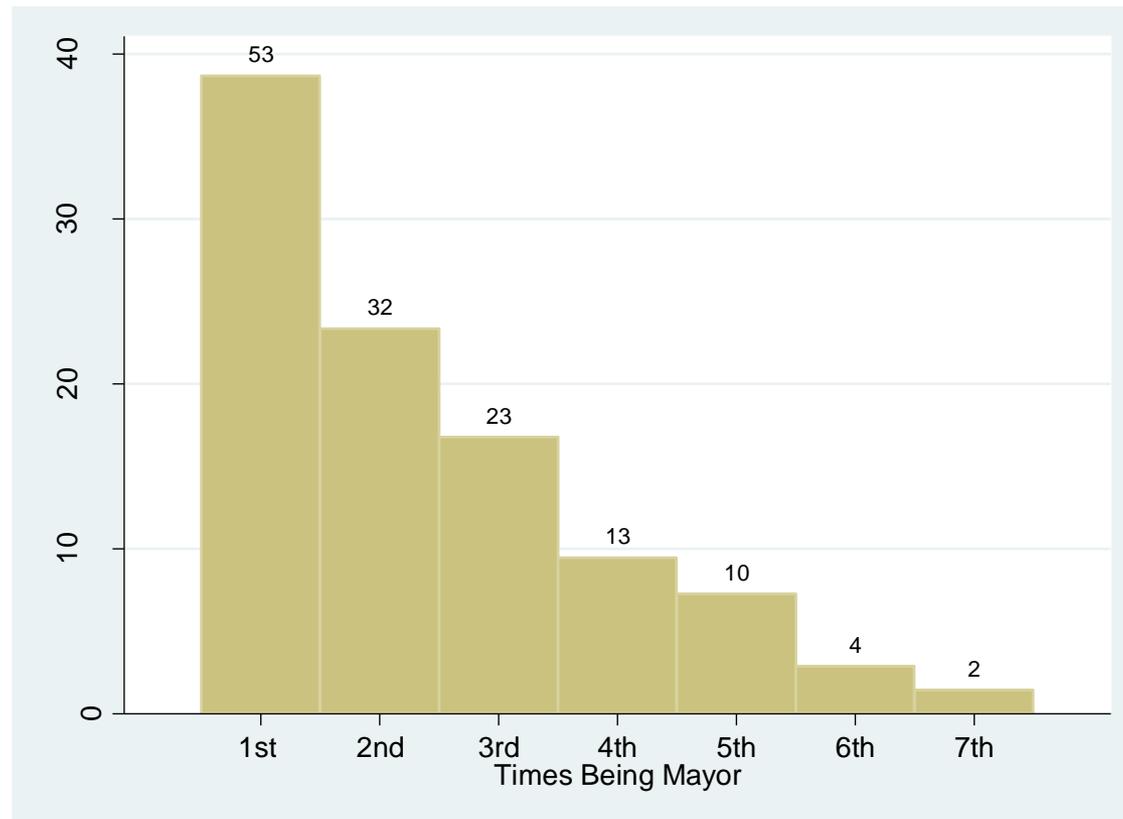
Education Level	Frequency	Percent
Incomplete Primary	12	8.89
Complete Primary	9	6.67
Incomplete High School	9	6.67
Complete High School	25	18.52
Associates Degree	4	2.96
Incomplete University Degree	19	14.07
Complete University Degree	42	31.11
Masters Degree	15	11.11
	135	100

Salvadorian Mayors' Local Experience

Mayor's Years of Local Exp	Frequency	Percentage
No experience at all	103	75.18
1 year	1	0.73
2 years	3	2.19
3 years	12	8.76
5 years	3	2.19
6 years	4	2.92
7 years	2	1.46
8 years	1	0.73
9 years	2	1.46
12 years	2	1.46
15 years	1	0.73
22 years	1	0.73
24 years	1	0.73
31 years	1	0.73
	137	100

Mayoral Capability: Experience

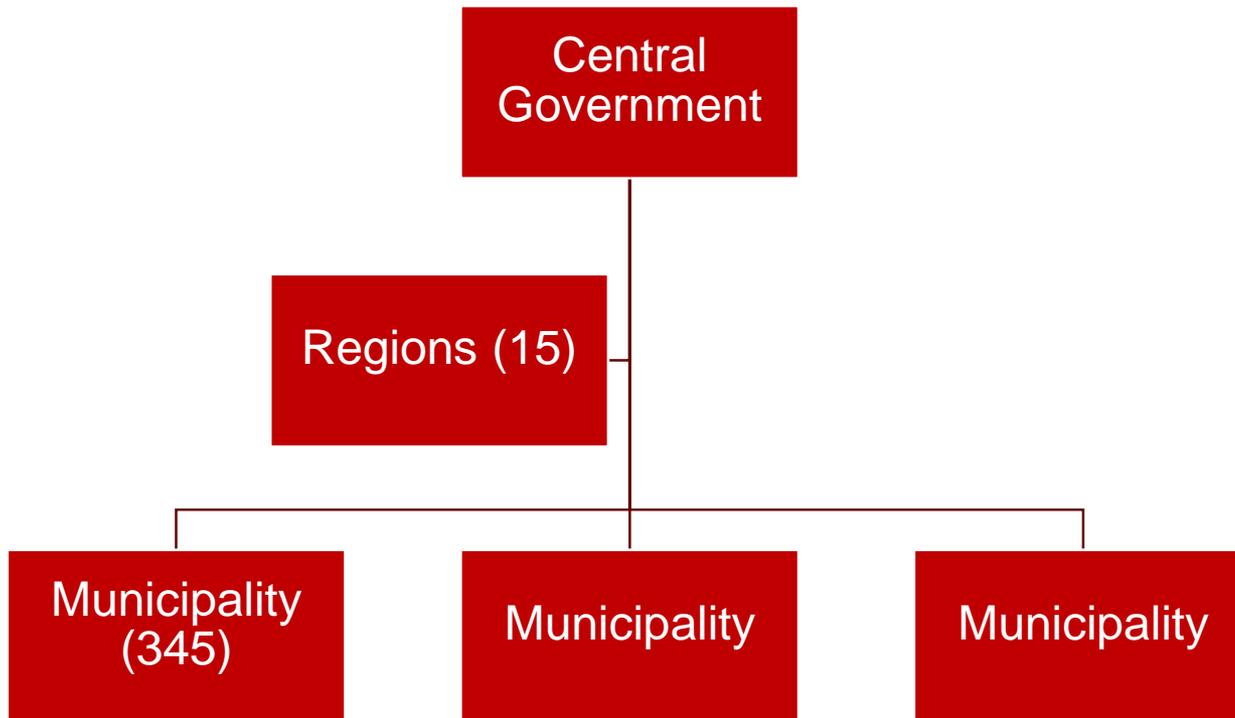
Salvadorian Mayors' Terms in Office



Explaining Salvadorian Municipal Performance in 2010

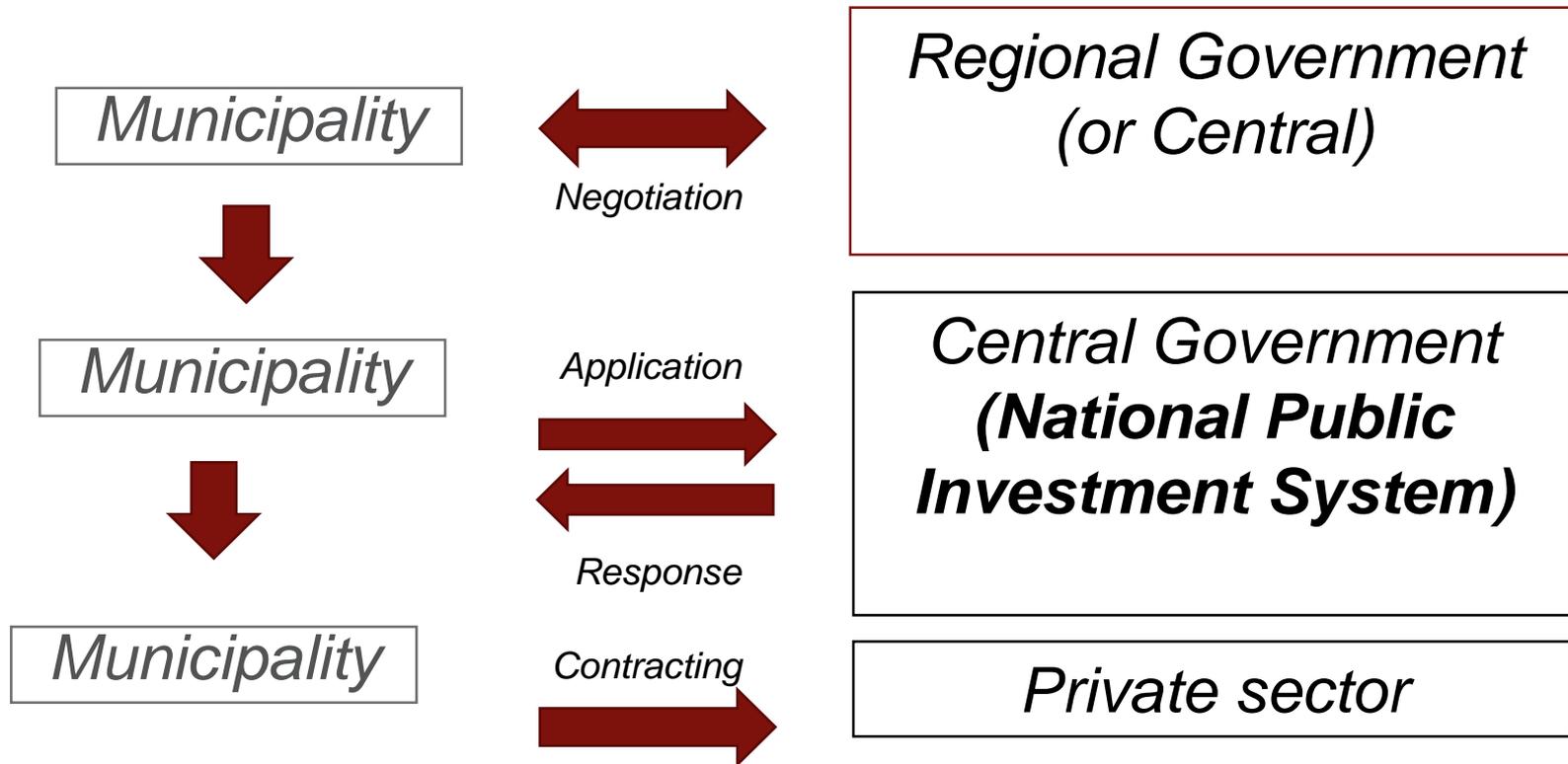
	Electricity	Water	Education	Total Grants(lg)
Mayor's Education	-1.94*	.06	-.74	.05
Mayor's Public Sector Experience	.08	.18	-.05	-.01
Mayor's Terms in Office	5.89***	9.96***	4.04***	.04
Mayors' Private Sector Experience	-.25	-.00	-.11	-.01
Mayors' Trips to the Country's Capital	.39	.15	-.08	-.01
Mayors' Relationship-Central Gov. Officials	4.24**	.41	2.81**	.28***
Female Mayors	7.37	11.34*	7.48**	.01
Mayor's Left Party/Partisan Alignment	7.77**	2.55	2.76	-.24
Margin of Electoral Victory	.30	-.16	-.02	-.01
Municipal Population (lg)	176	-3.43	-1.43	.27***
% Rural Population (lg)	-6.56*	-6.46*	-1.89*	.02
IIMM (Poverty Index)	.78***	.39	.19	.08***
Number of Municipal Associations (lg)	-.47	5.05*	.71	.07
Stressful Context (Maras-Gangs)	3.05	-1.75	7.28***	.12
Maras * Mayor's Terms in Office	5.99*	-.95	3.29*	-.05
Total Transfers (2009-2010) lg	-2.07e-06	-5.27e-07	-2.53e-06	.
F (15, 109)	5.96	3.72	3.21	8.70
Prob > F	0.000	0.0000	0.0021	0.0000
R-squared	0.44	0.33	0.40	0.47
Observations	130	130	130	129

Promoting Fiscal Sustainability in Chilean Municipalities



Chilean municipalities: Sources of Funding

Do not have control over tax and fees rates.
Infrastructure grants: key funding source

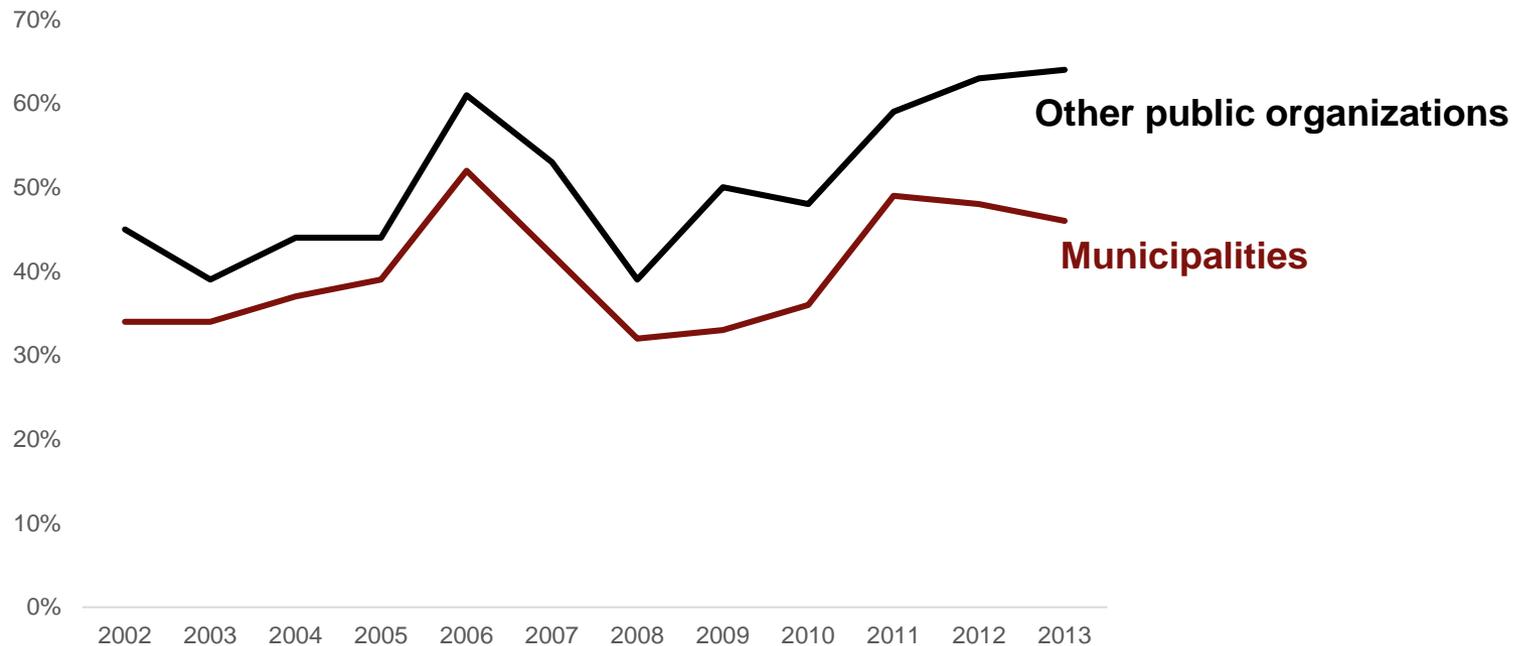


Chilean Municipalities

- 342 out 345 municipalities
- Around 54,000 grant applications
- Nine years (2005 to 2013):
 - Three municipal administrations
(**2005-2008, 2009-2012, 2013-2016**)
 - Three presidential administrations
(2002-2005, 2006-2009, 2010-2013)
- Only one study on Chilean municipal performance
(Ormeño 2013)

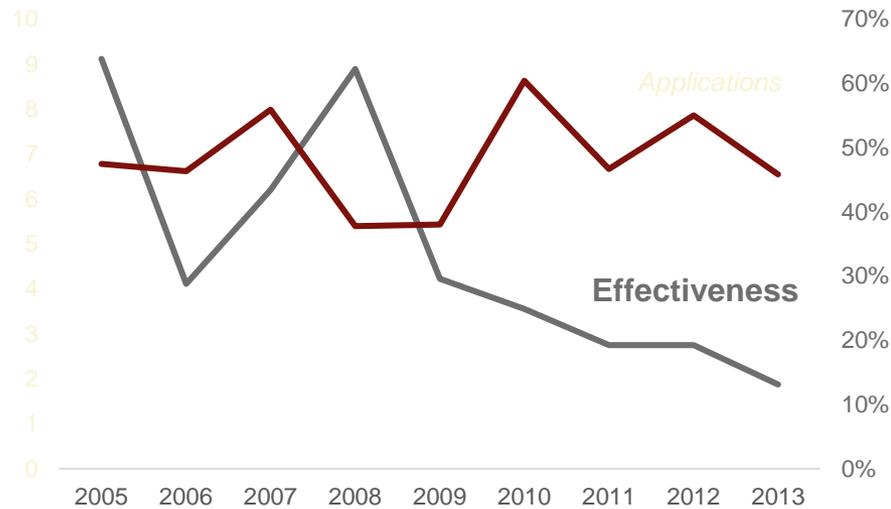
Effectiveness in grant acquisition

Effectiveness in grant acquisition for infrastructure projects

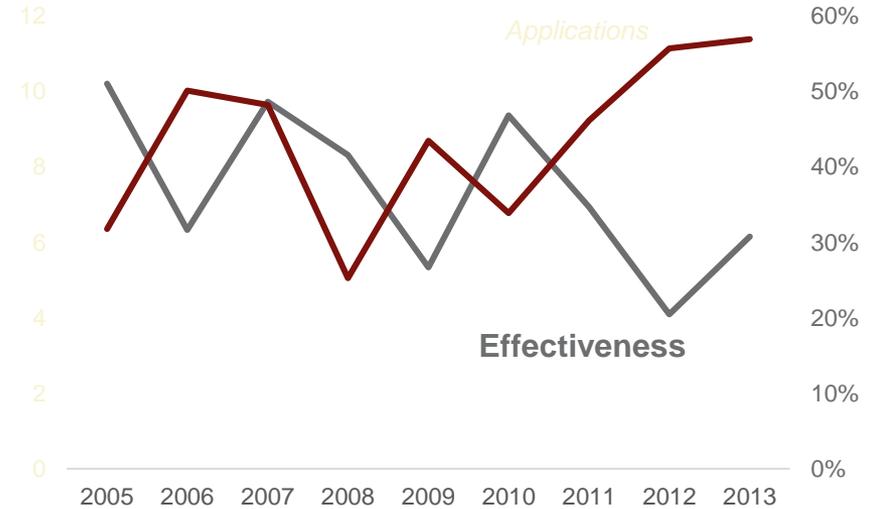


Trends in Grants Applications and Effectiveness

11h region



5th region



Effectiveness in grant approval

VARIABLES	(1) Fixed effects	(2) Random effects	(3) Arellano Bond
Effectiveness grants (lag)			0.0649** (0.0291)
Administrative capacity			
Administrative personnel	0.000462*** (0.000165)	2.09e-05 (2.77e-05)	0.000402*** (0.000124)
Collaboration-Regional	0.627*** (0.0367)	0.602*** (0.0311)	0.678*** (0.0431)
Collaboration-Central	0.407*** (0.106)	0.316*** (0.106)	0.246** (0.120)
Grant job-related expertise	0.0115*** (0.00151)	0.00950*** (0.00155)	0.0133*** (0.00159)
Political factors			
Party alignment	0.0423*** (0.0120)	0.0337*** (0.0110)	0.0239 (0.0170)
Legislative support	-0.0618 (0.0420)	-0.0575** (0.0293)	0.0429 (0.0569)
Electoral competitiveness	-0.0631 (0.0543)	0.0176 (0.0442)	0.0482 (0.0760)
Controls	YES	YES	YES
Observations	2,733	2,733	2,218
R-squared	0.340		
Number of municipalities	342	342	334

Number of grants submitted

VARIABLES	(1) Fixed effects	(2) Random effects	(3) Arellano Bond
Total number of applications (lag)			0.471*** (0.0640)
Administrative capacity			
Administrative personnel	-0.00515 (0.00426)	0.00376 (0.00291)	-0.00915* (0.00474)
Collaboration-Regional (lag)	-2.210*** (0.632)	-1.470*** (0.571)	-2.795*** (1.078)
Collaboration-Central (lag)	-0.590 (0.967)	0.00901 (0.953)	2.331** (1.066)
Grant job-related expertise (lag)	0.0195 (0.0137)	0.00653 (0.0140)	0.109*** (0.0183)
Political factors			
Party alignment	1.097*** (0.256)	1.089*** (0.232)	1.972*** (0.373)
Legislative support	0.0895 (1.210)	-0.728 (0.895)	-1.483 (1.299)
Electoral competitiveness	-0.175 (1.642)	-0.433 (1.377)	0.201 (1.608)
Controls	YES	YES	YES
Observations	2,629	2,629	2,213
R-squared	0.119		
Number of municipalities	340	340	334

Conclusions

- The three measures of administrative capacity are positively correlated with municipal effectiveness in grant approval
- Party alignment is positively correlated with the number of grant applications
- While administrative capacity appears to explain organizational effectiveness, political factors seem to motivate municipalities to apply for grants

Resulting Research Question

What Explains Variation in Local Governance in Latin America?

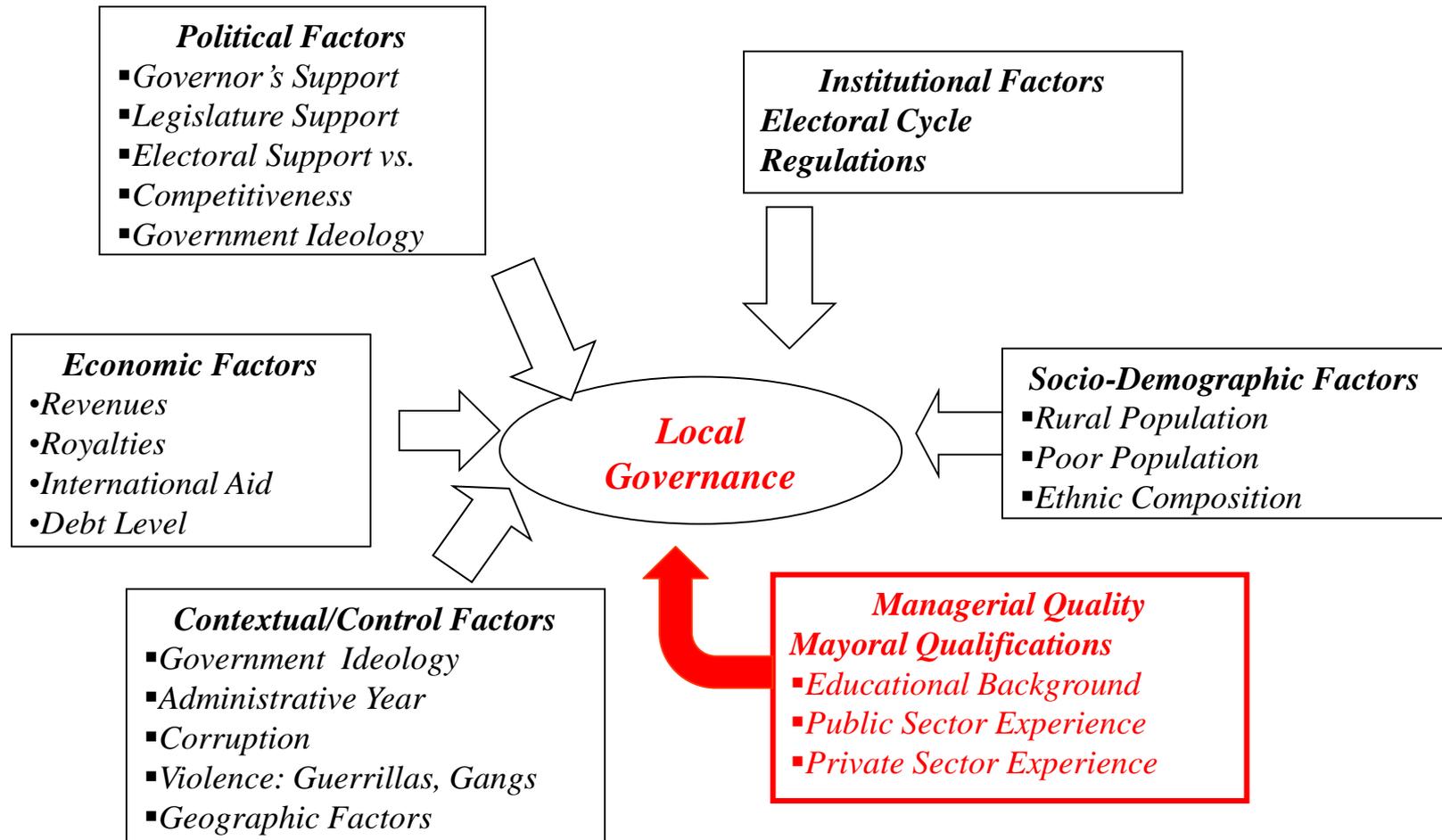
What is this Relevant?

- Local governance either strengthens or weakens support for (1) democracy and a (2) particular administration
- Good practices may be replicated in other settings
- Government leaders may be able to manipulate the factors boosting performance while undermining the ones that reduce it

Factors Explaining Local Governance

- Political
- Economic
- Demographic
- Contextual
- Institutional
- Geographic and Resource Endowment
- External (International Aid, NGOs)

Theoretical Framework for Explaining the Link between Governance and Development



Thank you!



INDIANA UNIVERSITY

**SCHOOL OF PUBLIC AND
ENVIRONMENTAL AFFAIRS**













XXII ASAMBLEA NACIONAL DE MUNICIPIOS



Asociación
de Municipios
de Honduras

CARLOS ARMANDO BENDECK CERRATO

"Honduras es de Todos"

La Ceiba, Atlántida 25, 26 y 27 de Abril de 2012









Thank you!

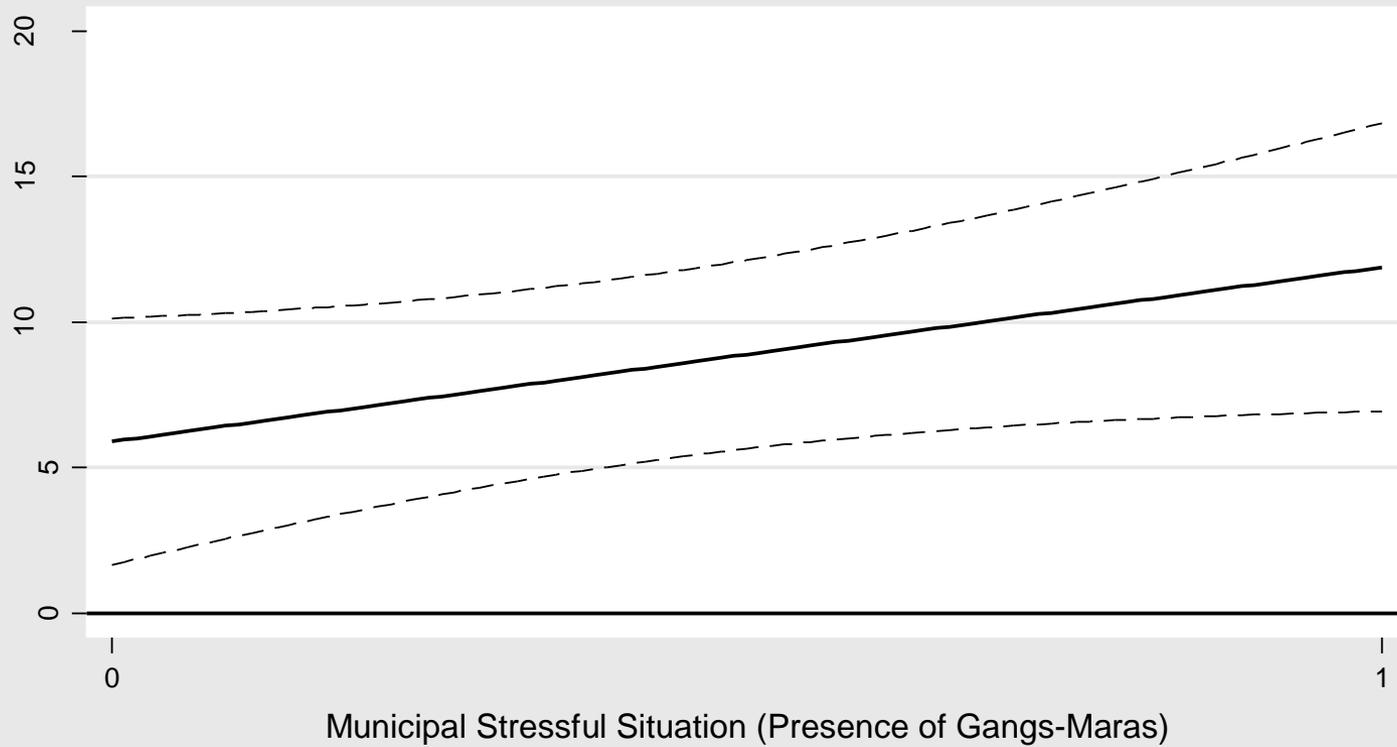


INDIANA UNIVERSITY

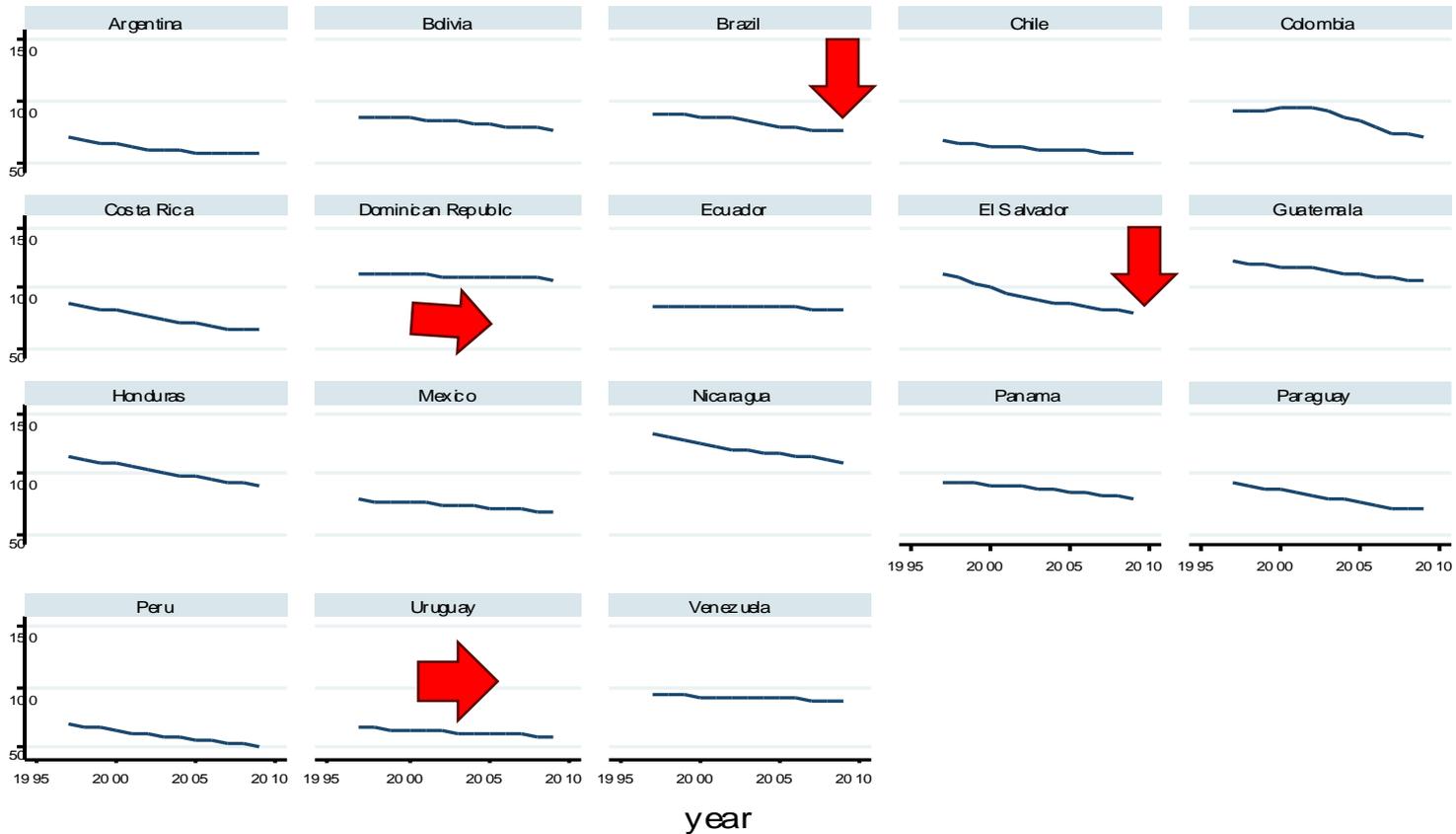
**SCHOOL OF PUBLIC AND
ENVIRONMENTAL AFFAIRS**

Marginal Effect of Mayor's Terms on Coverage of Electricity as the Stressful Situation Varies

Dependent Variable: %Coverage of Electricity (Cantons Covered/Total Cantons)



Adolescent fertility Rate across 18 Latin America Countries (1997-2009)



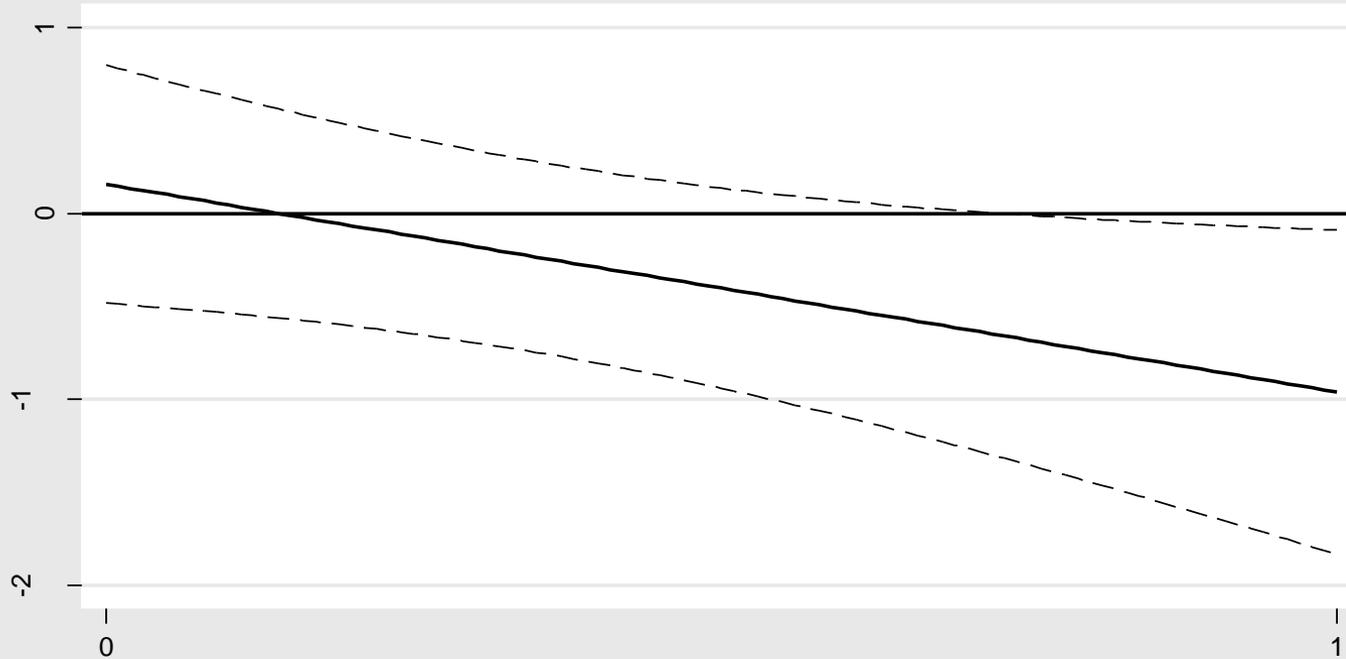
Graphs by country

El Salvador

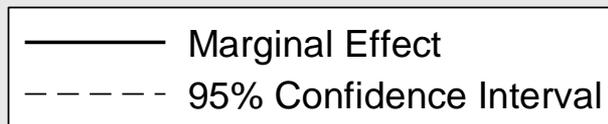


Marginal Effect of Mayor's Local Experience on Education Coverage as the Stressful Situation Varies

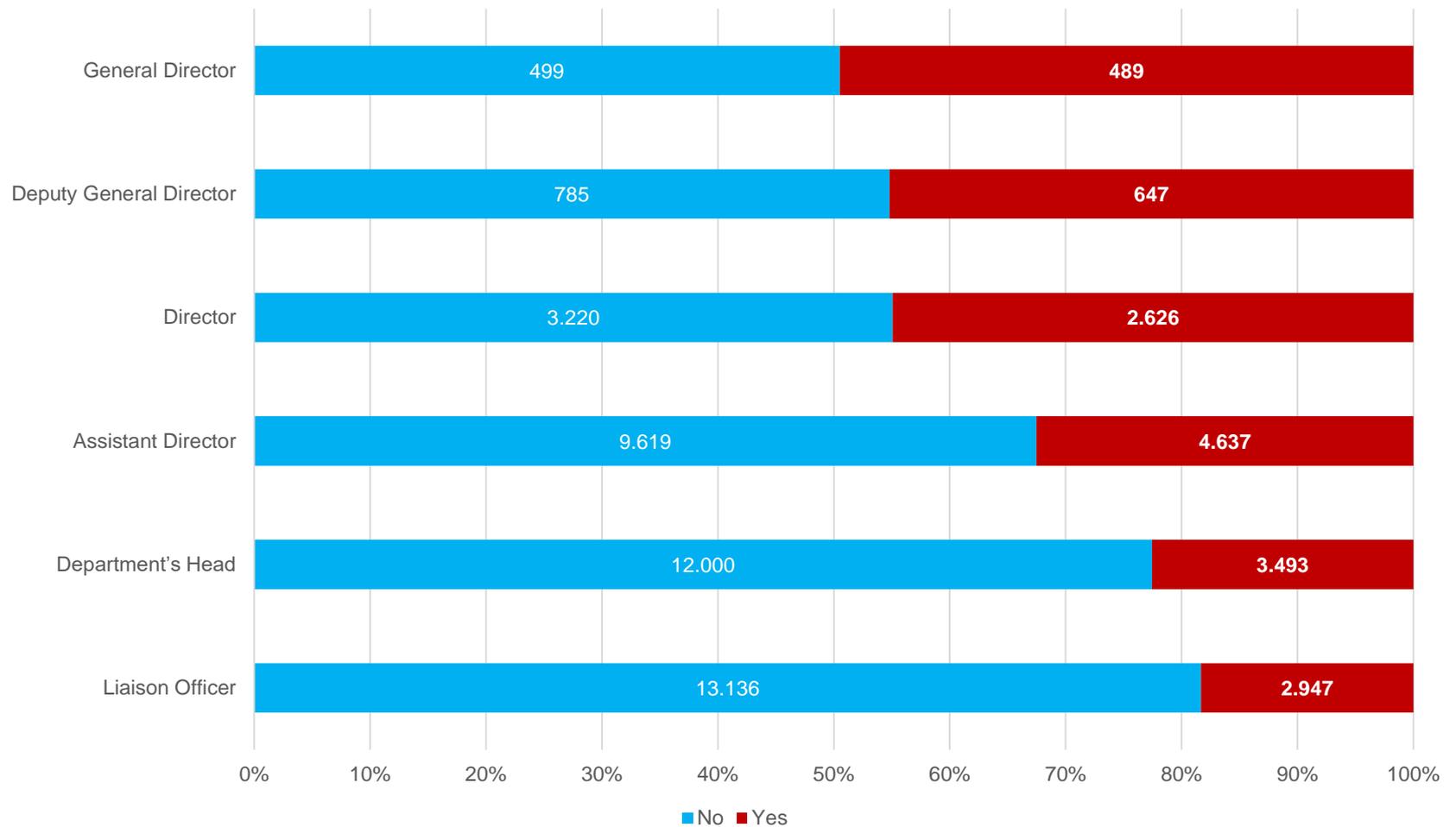
Dependent Variable: Education Coverage (%)



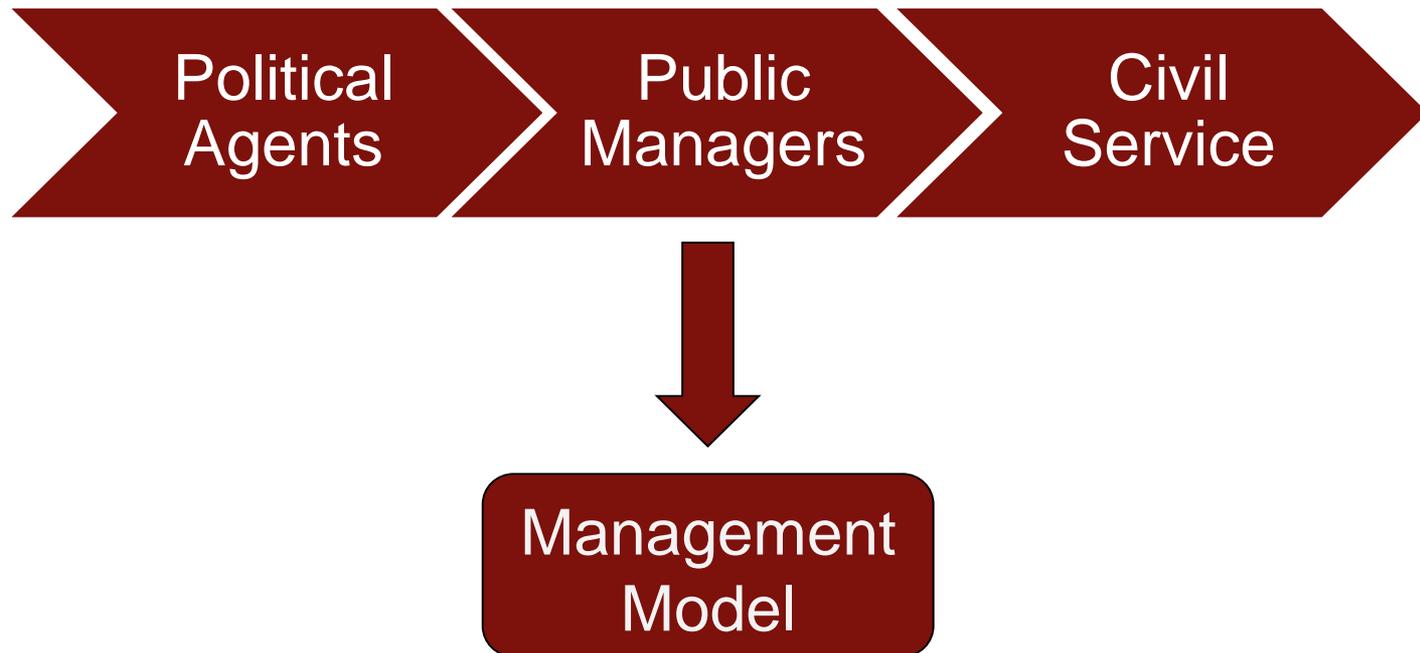
Municipal Stressful Situation (Presence of Gangs-Maras)



Won the Interim Candidate / Rank

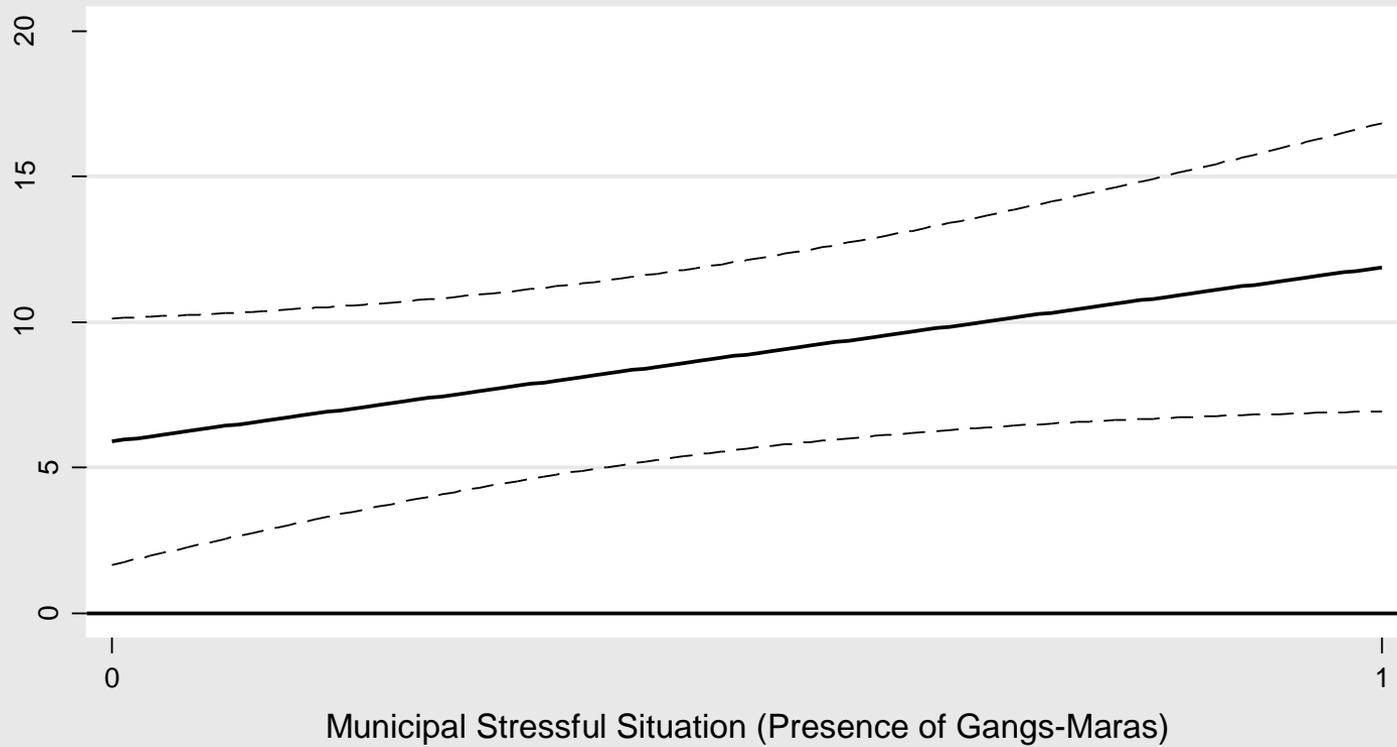


Managers as Intermediate Agents



Marginal Effect of Mayor's Terms on Coverage of Electricity as the Stressful Situation Varies

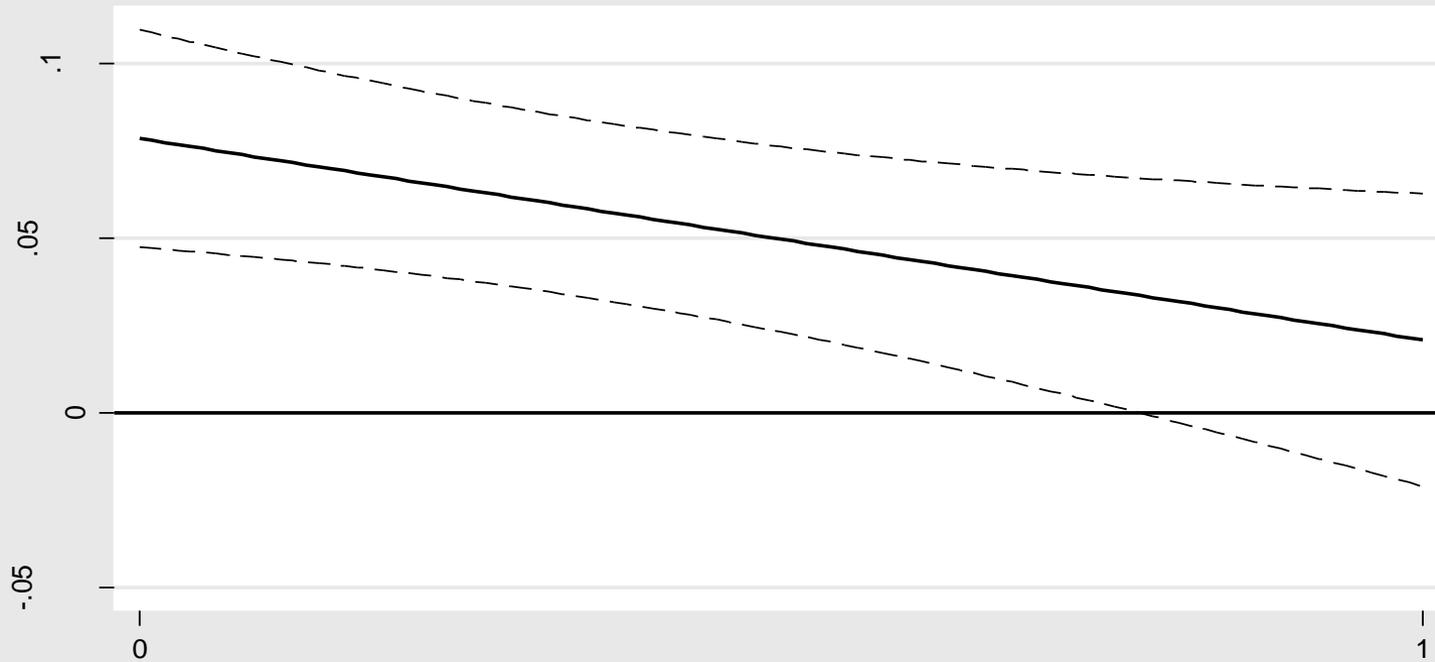
Dependent Variable: %Coverage of Electricity (Cantons Covered/Total Cantons)



— Marginal Effect
- - - 95% Confidence Interval

Marginal Effect of Mayor's Terms on Coverage of Running Water as the Stressful Situation Varies

Dependent Variable: Coverage of Running Water (Cantons Covered/Total Cantons)



Municipal Stressful Situation (Presence of Gangs-Maras)

