The Political Economy of Pro-Poor Growth

Evidence from Education Policies in India and Brazil

Nicole Rippin and Bettina Boekle-Giuffrida
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1.1 Pro-Poor Growth
1.2 The “Education Puzzle”

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2.1 Possible Equilibriums in Policy Formulation
2.2 Possible Equilibriums in Policy Implementation

## 3. The Empirical Application

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When is Growth Pro-Poor?

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Pro-Poor Growth
(relative definition)

Pro-Poor Growth
(both definitions)

Anti-poor recession/growth

Average Annual Change in log(Per Capita Income in Poorest Quintile)

Average Annual Change in log(Per Capita Income)
### Importance of Elementary Education for Pro-Poor Growth

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</tr>
</thead>
<tbody>
<tr>
<td>More Trade</td>
<td>-</td>
<td>+</td>
<td>o</td>
<td>-</td>
<td>o</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>More Financial Depth</td>
<td>-</td>
<td>+</td>
<td>o</td>
<td>-</td>
<td>o</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Less Government Speding</td>
<td>+</td>
<td>-</td>
<td></td>
<td>o</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Better Rule of Law</td>
<td>+</td>
<td>+</td>
<td></td>
<td>o</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Better Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Inflation</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+/-</td>
<td>+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Positive entries indicate that the policy/outcome in the first column contributes to more equality. Negative entries indicate a contribution to higher inequality. o indicates no significance and a blank indicates that the policy was not considered.


The “Education Puzzle”: Impact of Educational Investments on Poverty and Growth in India

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Source: Besley, Burgess and Esteve-Volart (2005)
The “Education Puzzle”: Impact of Educational Achievements on Poverty and Growth in India

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Source: Besley, Burgess and Esteve-Volart (2005)
Policies can ceteris paribus be expected to be formulated in a way that releases their pro-poor potential if:

- The poor are the clientele of the government
- The government is confronted with a combination of political competition and a majority of poor voters well aware of the importance of the policy in question
Theoretical Framework: Possible Equilibriums in Policy Implementation

Policies are ceteris paribus expected to be effectively implemented in a certain area of influence if:

- The responsible public official has a strong commitment to implement
- The poor have enforcing power and are fully aware of it
# Methodology: Case Selection

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### Responsibilities:

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Formulation</td>
<td>Centre, States</td>
<td>Centre, States</td>
</tr>
<tr>
<td>Policy Implementation</td>
<td>Centre, States</td>
<td>Centre, States, Municipalities</td>
</tr>
</tbody>
</table>

### Indicators:

<table>
<thead>
<tr>
<th></th>
<th>Andhra Pradesh</th>
<th>Tamil Nadu</th>
<th>Ceará</th>
<th>Pernambuco</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (sqkm)</td>
<td>275,045</td>
<td>130,058</td>
<td>148,825</td>
<td>98,911</td>
</tr>
<tr>
<td># Districts / # Municipalities</td>
<td>23</td>
<td>30</td>
<td>184</td>
<td>185</td>
</tr>
<tr>
<td>Population</td>
<td>76,210,000</td>
<td>62,405,700</td>
<td>8,547,809</td>
<td>8,810,256</td>
</tr>
<tr>
<td>% SC Population</td>
<td>16.2%</td>
<td>19.0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>% ST Population</td>
<td>6.6%</td>
<td>1.0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SGDP (in million at current prices)</td>
<td>Rs 3,712,000</td>
<td>Rs 3,392,000</td>
<td>R$ 60,099</td>
<td>R$ 70,441</td>
</tr>
<tr>
<td>Work participation rate</td>
<td>45.8</td>
<td>44.7</td>
<td>58.5 (Fortaleza)</td>
<td>54 (Recife)</td>
</tr>
<tr>
<td>NER (upper primary)</td>
<td>57.5</td>
<td>88.1</td>
<td>98.3</td>
<td>96.8</td>
</tr>
<tr>
<td>Literacy Rate</td>
<td>60.5</td>
<td>73.5</td>
<td>80.9</td>
<td>82.1</td>
</tr>
<tr>
<td>EDI (1st – 8th grade)</td>
<td>12</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IDEB (1st – 4th grade)</td>
<td>-</td>
<td>-</td>
<td>4.4</td>
<td>4.1</td>
</tr>
</tbody>
</table>
Country Case India: The Lok Sabha (Lower House) Elections

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The political environment can be divided in two main periods:

- **Before 1989/90**: Indian National Congress, party of the middle class, is uncontested dominating all elections
- **After 1989/90**: Fierce competition between various parties (362 in 2009), from Communists with focus on the poor to the Bharatiya Janata Party of the upper castes

The majority of the poor electorate seems to be **politically unaware** and **uninformed** about the importance of elementary education:

- 32% could not identify most pressing issues, 2% named education (National Election Survey 2009)
- Election campaigns concentrate on food subsidies, votes of the poor are broadly distributed:
  Left Front (10.6%), INC (27.3%), BJP (16.8%) (2009)
Country Case India: National Educational Investments over Time

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Before 1989/90:
Government ignores the poor, pro-poor potential not released

After 1989/90: Government bribes the uninformed poor, depending on coalition sometimes clientele-influence, pro-poor potential not/partially released

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Rippin and Boekle-Giuffrida (2011): The Political Economy of Pro-Poor Growth
Country Case India: The Vidhan Sabha (Legislative Assembly) Elections

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The political environment in Andhra Pradesh:
- Two main parties: Indian National Congress and Telugu Desam Party, both in the centre of the political spectrum
- Share of votes of the poor: 42.9% INC, 39.6% TDP (2009)
- Political competition on social issues almost absent

The political environment in Tamil Nadu:
- Two main parties: Dravida Munnetra Kazhagam and All India Anna Dravida Munnetra Kazhagam
- DMK significantly in the lead among the poor and very poor
- Political competition on social issues, especially education, but considerable amount of swing voters due to vote buying
Country Case India: State Educational Investments over Time

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Andhra Pradesh:
Governments almost ignore the poor, pro-poor potential not released

Tamil Nadu:
DMK has strong focus on education but poor are uninformed and bribed, pro-poor potential released when DMK is in office
Country Case India: The Implementation of SSA

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Administration in Andhra Pradesh and Tamil Nadu:

- Highly inflated due to two implementation societies, monitoring almost absent
- Commitment of high-level officials higher in Tamil Nadu:
  - Average tenure State Project Director: 20 months vs. 7.5 months in Andhra Pradesh (2004-09)
  - Chief Minister M.G. Ramachandran (Midday-Meal-Scheme) and State Project Director Vijaya Kumar (ABL)
  - Resistance of teacher unions broken (not best practice!)

Beneficiaries have almost no enforcing power:

- Teachers appointed, promoted, transferred by Education Director: performance-based wages / promotions impossible
- Minor role in construction, repair, maintenance through Village Education Committees which are often not even active
Implementation of the national program Sarva Shiksha Abhiyan:

<table>
<thead>
<tr>
<th>Progress (2002-2008)</th>
<th>Andhra Pradesh</th>
<th>Tamil Nadu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure (Percentage of SGDP)</td>
<td>-0.20%</td>
<td>+0.17%</td>
</tr>
<tr>
<td>Schools</td>
<td>+3%</td>
<td>+4%</td>
</tr>
<tr>
<td>Without building</td>
<td>15%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Without girl’s toilet</td>
<td>53%</td>
<td>38%</td>
</tr>
<tr>
<td>Classrooms (since 2004)</td>
<td>+13%</td>
<td>+14%</td>
</tr>
<tr>
<td>Average number per school</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Need for major repair</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Teachers</td>
<td>+12%</td>
<td>+82%</td>
</tr>
<tr>
<td>Para-teachers</td>
<td>23%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Absence rates</td>
<td>25.3%</td>
<td>21.3%</td>
</tr>
<tr>
<td>Engagement in non-teaching activities</td>
<td>57.0%</td>
<td>50.4%</td>
</tr>
</tbody>
</table>

Almost all the difference is made by the commitment of high-level government officials in Tamil Nadu

“Things are mainly working despite not because of the system”
Country Case Brazil: The Câmara dos Deputados (House of Representatives) Elections

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The political environment can be divided in two main periods:

- **Era Fernando Henrique Cardoso (1994-2002):** The centre-right Brazilian Social Democratic Party led coalition forms majority government

- **Era Luíz Inácio Lula da Silva (2002-10):** The left Workers’ Party leftist-centre coalition first forms minority, after 2006 majority government

The majority of the poor electorate seems to be **politically aware** and **informed** about the importance of elementary education:

- High political awareness after oppression under military dictatorship and only recent redemocratization (since 1985)
- Constitution of 1988 called Citizen’s Constitution, includes universal right to education
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**Cardoso (1994-2002):**
Government cannot bribe the poor, pro-poor potential at least partially released

**Lula da Silva (2002-10):**
Poor cannot be bribed, strong clientele-influence from the left parties
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The political environment in Céara:
- Centre-right Brazilian Social Democratic Party (PSDB) achieved governable majorities from 1991 to 2006
- Policy making highly influenced by PSBD at the national level
- Political competition on social issues

The political environment in Pernambuco:
- After a short mandate of left-wing Brazilian Socialist Party (PSB) from 1995 to 98, Pernambuco was ruled by Union of Pernambuco, a coalition between centre Brazilian Democratic Movement Party (PMDB) and right-wing Party of the Liberal Front (PFL) from 1999-2006
- Political competition on social issues
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Administration in Ceará:
- Comprehensive reform from 1995 onwards, e.g. performance-based appointments and community involvement
- First education secretary appointed under reformed system, Antenor Naspolini, was former coordinator of UNICEF in Ceará and main reason for Ceará’s progress

Administration in Pernambuco:
- Public officials still often appointed according to political affiliation rather capability and qualification
- 5 secretaries of education within seven years with rather low levels of qualification and commitment
- Beneficiaries repeatedly excluded from implementation processes and denied access to relevant information (confrontation rather than communication)
Implementation of the national program Brasil Alfabetizado:

- Policy implementation in Ceará characterized by strong and sustainable pro-poor alignment
- Focus on institutional empowerment of municipal administrations much stronger in Ceará:
  - 59 out of 185 municipal administrations participating in Pernambuco (2010)
  - 182 out of 184 municipal administrations participating in Ceará (2010)

Almost all the difference is made by the commitment of high-level government officials in Ceará

But different to Tamil Nadu, the systems itself promotes the commitment of public officials
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Administration in **Fortaleza**:
- Continuously insufficient literacy levels in primary education
- Little commitment on higher administration levels, jobs are often conceived as tremplin to a more prestigious career
- Known for making headlines with fraud and corruption

Administration in **Maracanaú**:
- Increase in IDEB from 3.9 (2005) to 4.7 (2009), one of Ceará’s most successful municipalities
- Mayor committed and long time in office (1993-04, 2008-12)
- Reform of administration: performance-based component in salaries, municipal law holds directors responsible for school’s progress

Beneficiaries have **almost no enforcing power**, school councils weak and without real power
Lessons Learned: Policy Formulation

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- Awareness of the poor electorate for political processes and importance of respective policies:
  - Brazilian experience recommends open political dialogue with policy recipients from early on: Institutionalization of feedback mechanisms between policy makers and recipients

- Monitoring of policy outcomes:
  - PISA results produced “healthy shock”, asserting pressure on the government through public awareness and concern with regard to (international) reputation
  - Instrument to evaluate effectiveness of policies and monitor progress of states, municipalities and schools
Lessons Learned: Policy Implementation

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4. Lessons Learned

   ➤ Increase proportion of committed public officials:
     ➢ Transparent recruitment according to merit and capabilities

   ➤ Enforce good performance of those who are not:
     ➢ Beneficiaries need de jure and de facto enforcing power to hold officials accountable
     ➢ Members of schools and village councils need to be trained and provided with information necessary to monitor achievements

   ➤ Decentralisation ought to be handled with care:
     ➢ High level of state-level centralization hampers accountability
     ➢ But if beneficiaries are not endowed with de jure and de facto enforcement power, implementation successes will crucially depend on commitment of officials and consequently reinforce inequality patterns
Thank you!