

Who Decides Social Policy?



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Why do bureaucracies get so bloated? Why have efforts to improve education struggled? Why have attempts at administrative reform failed? Such questions confound Latin American nations as they strive to make their social and economic programs more effective. They frustrate donor agencies as they watch their carefully-tailored technical assistance come up short. But they also stimulate a profoundly new approach to analyzing failures in Latin America and spurring the region towards improvement.

At the Inter-American Development Bank the new approach, based on political economy, has come to influence much discussion over the last decade. The idea, at its most elemental, is simple. Technical fixes may in theory, work perfectly if ministers make decisions based on technocrats' recommendations and civil servants precisely carry out their orders. But in practice the technocrats often have little influence; decisions are taken outside officially established institutions; and civil servants, as well as plans, change over time, so that efficiency and efficacy suffer. As a result, it is not so much the technical design of new laws and regulations that matter. Nor is the central issue the content of policies. Latin America, after all, has taken radically different approaches to social, industrial and other types of policies over the years. What matters are the incentives, restrictions, and rules that politicians and civil servants face as they

Unfortunately, what matters are the incentives, restrictions, and rules that politicians and civil servants face as they make and implement policy, not the technical design of new laws and regulations.

make and implement policy: what motivates them as they serve the public while trying to keep their jobs and maximize their power. Understanding those political conditions is crucial. It can allow donors to better help nations move toward effective policies that are stable, adaptable, and publicly-minded, irrespective of their specific content.

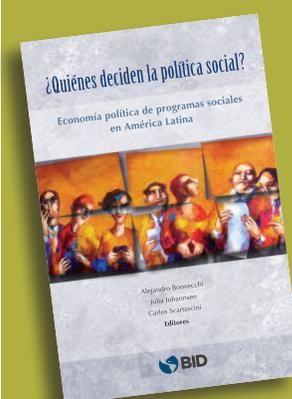
In a seminal new book, entitled *Who Decides Social Policy*, the IDB tackles the political economy approach. It explains how political economy permits analysts to grasp the dynamics behind programs and reforms. And it shows how the approach illustrates the characteristics needed by government institutions to carry out long-term policies, despite changes in government, that are of lasting benefit to a nation. The importance of well-institutionalized political parties; of an independent judiciary; and of a legislative branch with strong policymaking capabilities and the ability to resist a powerful executive are all discussed. So are the quality of those institutions in different Latin American countries and their relative strength in Latin America compared to other areas of the world.

But the book also adds an important and new element to our understanding: that of Social Network Analysis (SNA). SNA has great virtues. If a political economy analysis sheds light on the type of actors and political conditions that lie behind a policy

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The Social Sector Boom

After a lost decade for social progress during the 1980s, Latin America and the Caribbean leapt ahead in indicators of human development. Social spending between 1990–2011 soared 100% in per capita terms. Poverty fell by more than 30%, and infant mortality dropped by more than half.

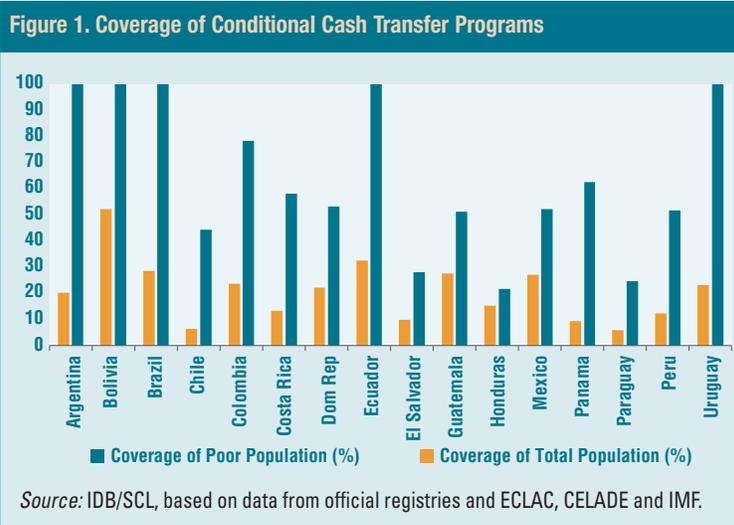
The boom in social investment and concern came courtesy of strong economic growth and a new attitude towards justice. Rising demand for the region's commodities from the rapidly expanding economies of China and India, along with deepening globalization and trade liberalization, stoked revenues. More prudent economic management meant there was money to both pay down external debt and expand social spending. And new income, along with a renewal of democracy, greater autonomy for local government, and an ideological movement toward the left, led to demands for social inclusion and poverty relief.

In 2000, Latin American nations enthusiastically joined most of the rest of the world at the United Nations General Assembly to commit to the Millennium Development Goals. Those included the eradication of extreme poverty and hunger, the prevention of disease, and the provision of educational opportunities for children.

In that context, experiments in social policy and social research arose to cross-fertilize each other. Their goal was to break the intergenerational cycle of poverty. Beginning in the mid-1990s, first Brazil and then Chile

and Mexico, initiated conditional cash transfer programs (CCT) which delivered direct subsidies to impoverished households in exchange for their participation in healthcare and educational programs. By the 2000s, such programs had spread to most of the countries in Latin America and impacted millions of people (see Figure 1). Household consumption and school attendance rates rose. Preventative services for maternal-infant health expanded. Even crime and violence seemed to abate, as an unexpected result of the increasing use of the CCTs.

In academic institutions, think tanks and donor agencies, meanwhile, analysts were using new research techniques to study social policy. What is the role of CCTs in improving the targeting and efficiency of human development efforts? How can technology be used to disseminate messages on personal health? These were among the many questions they asked as they looked at complex programs or focused on individual realms of progress, like childhood disease, nutrition, and education.



If this research stimulated progress in social protection and productive capacity, it also exposed problems in the technical design and implementation of programs. CCTs, for example, were increasing school enrollment. But they were doing little to improve educational quality. Indeed student performance on standardized tests remained grim. Latin American governments expanded health, pension and other benefits to informal workers, extending

a vital protection to many households. But evidence suggested these programs also discouraged formal employment.

Programs clearly had to be improved. And so did the research itself. Too little was known about the incentives and motivations of key political actors in making social policy; even less about the informal but critical relationships of the players involved in implementing it. To date, for example, there have been no in-depth systematic studies of how mechanisms of institutional coordination—formal or informal—can make a difference in the operational effectiveness and impact of a social program on development.

The work described in this issue of IDEA is a contribution to that important area of research. By helping to deepen our grasp of the political economy of social policies and the important role of social networks, it seeks to improve performance and outcomes. Ultimately, it is hoped, this will reinforce efforts to lift people from poverty and help protect others who have recently emerged from hardship, but have not yet reached the middle class, from economic shocks.

What Works and What Doesn't in Social Programs

Since 1990, Latin American nations have launched a multitude of initiatives in their fight against poverty, disease and social exclusion. Millions of people who had never known preventative care, education, and cash assistance are now receiving it. Nonetheless, not all the programs are fulfilling their potential. The challenges of coordinating large, complex programs from capital cities to isolated villages often proves overwhelming. A lack of synergy at central and local levels makes implementation difficult, and bottlenecks in the delivery of services abound.

In recent years, the IDB has employed a political economy approach to Latin American countries. It has looked, for example, at the characteristics, interests, and incentives of people in the political spheres. It has explored the ground rules that define their negotiations. And it has investigated the technical flaws in the design of many endeavors. But understanding how and why a complex initiative succeeds or fails in far-flung locales also requires knowledge of how communication within it occurs. That means knowing who, in practice, are the leaders of the program's broad network of individuals and institutions, who serves to connect the different players, and who lies at the periphery. In short, it means using social network analysis to illuminate where coordination works and where it breaks down as government tries to serve its constituency.

In a pioneering effort in the use of social network analysis, the IDB focuses attention on two initiatives: Bolivia's Zero Malnutrition Program (ZM), which provides medical

attention and food supplements to people with food security issues; and Peru's Juntos program, which awards cash subsidies in exchange for the beneficiaries' use of health, educational and other services. The studies provide important insights for both nations. But they also transcend Peru and Bolivia. As countries throughout the region create broad social protection networks, the results illuminate what works and what doesn't in programs formulated in capital cities and carried out in distant, impoverished villages.

One key take-away is that it is much more difficult to coordinate a program when it offers numerous services with different degrees of complexity. The Juntos program is highly elaborate. It identifies and documents beneficiaries. It transfers money to them; organizes educational, health and civic registration services; and monitors beneficiaries to ensure that they are taking advantage of the services they have committed to use. Those responsibilities involve a huge group of ministries, operational managers, and outreach workers. As a result, the formal design of Juntos easily breaks down. If the official structure fosters communication and synchronicity, the actual ties between agencies are few; their ability to connect with each other, is deficient. The Office of Monitoring, Supervision and Evaluation, for example, is assigned a central role in the program. In practice, it has few connections to other key actors. The Office of Sectorial Services Coordination has coordinating responsibilities, as its name implies. But it has fewer connections and less power

to coordinate than the many specialized agencies that implement Juntos on the ground.

The Zero Malnutrition program, by contrast, exemplifies the benefits of a more streamlined structure. As a health and nutrition undertaking, without the numerous responsibilities of Juntos, it is firmly under the leadership of the Ministry of Health and Sports. The supervision of services and their coordination are housed in the same agency, and communication is relatively fluid. In some municipalities the social network is more tightly bound than in others, of course. And in at least one municipality, the mayor serves as the sole link, or breaking point, between key elements of the program, increasing instability. But overall the advantages in efficiency and reliability of simplicity in design, with the coordination and delivery of services under a single roof, can be seen throughout the program.

As Latin American nations continue their struggle against poverty and other obstacles to human development, they might take some lessons from those experiences. They may find they can use social network analysis to understand why some of their most ambitious social-welfare endeavors are performing or underperforming. They may find it helps to understand why the delivery of medicines, equipment, and human resources works in some regions and fails in others. And they may see, as in the Bolivian and Peruvian experiences, that it sheds light on efforts to forge complex, broad social protection networks with a multiplicity of agencies, responsibilities and beneficiaries.

Too Much of a Good Thing? Grassroots Participation in Bolivian Social Policy

When Bolivians voted overwhelmingly to approve a new constitution in 2009, they ushered in a government system that promised intense collective effort. This would not be a top-down structure with the president unilaterally and imperiously making decisions. Rather, agencies and ministries of similar status would work together in joint decision-making, with the vice president and president serving as final arbiters. Policymaking would be collaborative and fruitful. Within a horizontally-structured executive branch of equally powerful government entities and supervisory bodies, communication, job satisfaction and a strong sense of shared purpose would prevail.

It has not worked out that way. Intended as a horizontally-structured system, Bolivia's is in fact a vertical one, with multiple and often diffuse sources of authority. In the first rank are the president, the vice president and numerous grassroots peasant, indigenous and workers movements. Ministries are farther down in the hierarchy, often isolated and neglected. Institutional stability, as well as professionalization, is low within them. Rates of turnover are extremely high.

Social network analysis (SNA), which maps and measures the real, instead of the formal, relationships between individuals and organizations can be a powerful tool. Within a government, it tells us who communicates with whom. It tells us how information and resources flow. It shows us who is at the center of decision-making and who is on the periphery. As such, SNA has helped illuminate elements of the Bolivian government, especially the

difference between the way it functions and the way it is supposed to function through its formally-established institutions.

Those differences can be stark. On paper, there are 22 key individuals or entities that help create social policies. In the effective, or real network, as identified by SNA there are 65 such members, making the lines of communication and authority more complicated and diffuse.

On paper, the ministries, with specialized and administrative skills, are powerful. They develop and implement programs, report to supervisory bodies, and are under the ultimate political authority of the vice president and president. In practice, the ministries play a much less significant role. The Ministry of Economy and Public Finances, for example, may be the official source of funds for other ministries. But in effect, multilateral and nongovernmental organizations are just as central in the network of fund distribution and are even more important in generating economic ideas for the government.

Most other ministries and agencies lie at the periphery of power. The Education, Labor, and Employment and Social Security ministries have important responsibilities. But two deputy ministries occupy a more central place in the effective network of decision-making. And grassroots organizations and their coordinating bodies, such as the National Coordination for Change, have greater influence still. Indeed, grassroots organizations' central place in the network of power is even greater than that of the president himself.

This diffusion of authority, with many external actors, fosters bureaucratic instability and feeds into the problems of relatively unprofessional civil service. Of officials in the executive branch, more than 20% have no previous experience in the social area they administer and only one-third have held their positions more than three years.

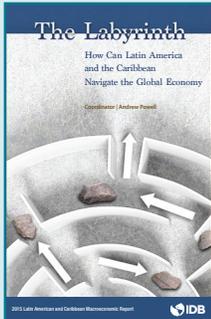
It also complicates efforts to improve performance. Because authority and financing comes from so many different sources, ministries rarely produce their own ideas or even communicate and coordinate amongst each other. They also prioritize political considerations over technical ones. That leaves the president relatively unaided as he tries to steer the nation. It deprives him of the benefit of a strong civil service and informed expertise at his back.

None of this, of course, violates the letter or spirit of the Bolivian constitution or Bolivian democracy. But it makes for improvised decision-making and institutional weakness. What can be done? The key is an executive branch in which the president and the upper reaches of formal power exert exclusive power over the bureaucracy and distance themselves from external organizations and cliques. If that were to happen, ministries might become more stable and adaptable. They might engage in greater teamwork and coordination. They might produce higher quality work. In short, they might nourish the president with the expert advice that would significantly contribute to the growth, stability and welfare of the nation.

New Publications

Available in English only unless otherwise stated.

ANNUAL REPORTS



Powell, Andrew
The Labyrinth: How Can Latin America and the Caribbean Navigate the Global Economy (IDB-AR-111)
(Available in English and Spanish)

The 2015 Latin American and Caribbean Macroeconomic Report argues that the region is in the midst of a labyrinth and must navigate several global and domestic obstacles—including lower commodity prices and new types of financial risks—to ensure strong and sustainable growth. The report suggests that many countries must make fiscal adjustments to avoid higher debt without compromising the significant social gains of recent years, and details both the types and speed of policies that may be adopted. The report urges each country to fashion its own specific response based on its particular circumstances and further enhance productivity to attain higher, long-term growth.

WORKING PAPERS

Berlinski, Samuel, and Matías Busso
Challenges in Educational Reform: An Experiment in Active Learning in Mathematics (IDB-WP-561)

This paper reports the results of an experiment with secondary school students designed to improve their ability to reason, argument, and communicate using mathematics. A structured pedagogical intervention was created that fostered a more active role of students in the classroom. The intervention was implemented with high fidelity and was

internally valid. Students in the control group learned significantly more than those who received treatment. A framework to interpret this result is provided in which learning is the result of student-teacher interaction. The quality of such interaction deteriorated during the intervention.

Bonomo, Marco, Ricardo Brito, and Bruno Martins

Macroeconomic and Financial Consequences of the Post-Crisis Government-Driven Credit Expansion in Brazil (IDB-WP-551)

Government-driven credit played an important role in countervailing the private credit crunch in Brazil during the recent financial crisis. However, government credit concessions continued to expand after the economy recovered. This paper researches some important features of that expansion using a huge repository of loan contracts between banks and firms, composing an unbalanced panel of almost 1 million firms between 2004 and 2012. The results show that larger, older, and less-risky firms benefited most from the government-sponsored credit expansion. In addition, although greater access to earmarked credit tends to lead to greater leverage, the effect on investment appears to be insignificant for publicly traded firms. Since interest rates on earmarked loans are lower than market interest rates, firms with greater access to this type of loan tend to lower the cost of debt.

Carvalho, Carlos, Nilda Pasca, Laura Souza, and Eduardo Zilberman
Macroeconomic Effects of Credit Deepening in Latin America (IDB-WP-548)

This paper tries to quantify the macroeconomic effects of the credit-deep-

ening process observed in many Latin American countries in the last decade—most notably in Brazil. In the model developed for this analysis, a stylized banking sector intermediates credit from patient households to impatient households and firms. The key novelty of the paper, prompted by the Brazilian experience, is to model credit constraints faced by (impatient) households as a function of future labor income. In the calibrated model, credit deepening generates only modest above-trend growth in consumption, investment, and GDP. Since Brazil has experienced one of the most intense credit-deepening processes in Latin America, it is argued that the quantitative effects for other Latin American economies are unlikely to be sizable.

Del Boca, Daniela

Child Care Arrangements and Labor Supply (IDB-WP-569)

This paper discusses several approaches to examining the relationship between child care and mothers' labor supply. The focus is on child care for children aged 0 to 3, because this is a critical period for working mothers and their children, and because most European and American households with children aged three to five already use child care centers. The paper provides data concerning availability of, government spending on, and quantitative and qualitative standards for, child care in different countries. Then, it compares different approaches to the determinants of child care demand and labor supply. Afterwards, it reviews and compares empirical results regarding the impact of child care costs, availability, and quality. The paper concludes by discussing different impacts across different groups.

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New Publications

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Fernández, Andrés, Michael W. Klein, Alessandro Rebucci, Martin Schindler, and Martín Uribe

Capital Control Measures: A New Dataset (IDB-WP-573)

This paper presents and describes a new data set of capital control restrictions on the inflows and outflows of 10 asset categories for 100 countries over the 1995–2013 period. This data set includes additional asset categories, extra countries, and a longer time frame than data presented in Schindler (2009). The paper discusses how information in the IMF's Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER) is translated into a usable data set. The paper also characterizes the data with respect to the: (i) prevalence of controls across asset categories; (ii) correlation of controls across asset categories and between controls on inflows and outflows; (iii) aggregation of separate categories into broader indicators; and (iv) comparison of this data set with other indicators of capital controls.

Fernández, Andrés, and Felipe Meza

Informal Employment and Business Cycles in Emerging Economies: The Case of Mexico (IDB-WP-515)

This paper documents how informal employment in Mexico is countercyclical, lags behind the cycle, and is negatively correlated with formal employment. It helps explain why total employment in Mexico displays low cyclical and variability over the business cycle when compared with Canada, a developed economy with much less informal employment. To account for these empirical findings, the authors built a business-cycle model of a small, open economy incorporating formal and informal labor markets, and calibrated the model to Mexico. The model matches conditional and unconditional periods in the data

well. It also sheds light on the channels through which informal economic activity may affect business cycles. Introducing informal employment into a standard model enhances the effects of productivity shocks, which are imperfectly spread from the formal sector to the informal sector. The paper also shows how imperfect measurement of informal economic activity in national accounts can translate into stronger variability in aggregate economic activity.

Gingerich, Daniel W., Virginia Oliveros, Ana Corbacho, and Mauricio Ruiz-Vega

Corruption as a Self-Fulfilling Prophecy: Evidence from a Survey Experiment in Costa Rica (IDB-WP-546)

An influential body of literature argues that corruption behaves as a self-fulfilling prophecy. The basic idea behind this paper is that levels of corruption emerge endogenously as a result of a society-wide coordination game in which individual returns to corrupt behavior are a function of how disposed towards corruption the other members of society are perceived as being. An empirical implication of this logic is that if one were to exogenously skew beliefs about societal levels of corruption upward, willingness to engage in corruption would increase as a result. The paper evaluates this claim by conducting an experiment using information from a large-scale household survey carried out in the Greater Metropolitan Area of Costa Rica from October 2013 to April 2014. Changes in attitudes about corruption were induced through random assignment of an information display depicting the increasing percentage of Costa Ricans who had experienced or witnessed an act of corruption between 2006 and 2011. The paper finds that, on average, being exposed to the display (relative to the control condition) increased the chances by approximately 0.04 to 0.08 that a respondent would be

willing to bribe a police officer, thereby validating the self-fulfilling prophecy hypothesis.

Granda, Catalina, and Franz Hamann

Informality, Saving and Wealth Inequality in Colombia (IDB-WP-575)

The informal sector is an extensive phenomenon in developing countries. While some of its implications have drawn considerable attention in the literature, one relatively unexplored aspect has to do with the saving patterns of workers and firms, and how these might influence aggregate savings and wealth inequality. This paper aims to fill that gap by examining both entrepreneurs' and workers' choices regarding asset accumulation and whether to work informally. Specifically, the paper builds an occupational choice model wherein saving is primarily motivated by precautionary considerations. The model features labor and capital market segmentation and is calibrated to replicate saving rates, wealth inequality, and composition of occupations across formal and informal sectors in Colombia. In addition, computational experiments make it possible to analyze the effects of highly debated formalization policies on wealth redistribution and promotion of saving and entrepreneurship. The paper concludes by discussing alternative frameworks.

Rodríguez-Chamussy, Lourdes

Local Electoral Rewards from Centralized Social Programs: Are Mayors Getting the Credit? (IDB-WP-550)

This paper uses the staggered timing of the Mexican antipoverty program's introduction across municipalities to identify its impact on the share of votes for the local incumbent party. Evidence finds that voters reward the mayor's party for the central benefit to their constituencies, accounting on average for 2.8 ad-

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New Publications

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ditional percentage points in the share of votes for the mayor's party. Analysis of party alignment shows that this electoral effect cannot be explained as a reward for the federal incumbent in local elections. Alternative explanations are examined, and it is shown that the effect for the local incumbent is heterogeneous for the different political parties and varies according to municipalities' characteristics; the electoral effect was stronger where the mayor faced more contestable elections, in Mexican state capitals, and in predominantly urban, more educated, and relatively wealthier municipalities. Findings are consistent with the hypothesis that politicians have incentives to engage in signaling strategies to link themselves to the transfer program.

Rosales, María Fernanda

Impact of Early Life Shocks on Human Capital Formation: El Niño Floods in Ecuador (IDB-WP-503)

A growing body of research argues that early adverse experiences have lasting effects not only on later health outcomes, but also on human capital accumulation. This paper investigates the persistent effect of negative shocks early in life on children's health and cognitive outcomes, and explores whether shocks at certain periods matter more than others. The paper exploits the geographic intensity of extreme floods during the 1997–98 El Niño phenomenon in Ecuador as a source of exogenous variation in children's exposure to a negative shock at different periods early in life. It is shown that children exposed to severe floods in utero, especially during the third trimester, are shorter in stature five to seven years later. Also, children affected by floods in the first trimester of pregnancy score lower on cognitive tests. Potential mechanisms are explored by studying how exposure to the El Niño shock affected key inputs to the

production of children's human capital: birth weight and family inputs (income, consumption, and breastfeeding). Children exposed to El Niño floods, especially during the third trimester in utero, were more likely to be born with low birth weight. Furthermore, households affected by El Niño in 1997–98 suffered a decline in income, total consumption, and food consumption in the aftermath of the shock. Moreover, exposure to El Niño floods decreased the duration of exclusive breastfeeding and increased the duration of non-exclusive breastfeeding.

TECHNICAL NOTES

Chisari, Omar O., and Sebastián Miller

CGE Modeling: The Relevance of Alternative Structural Specifications for the Evaluation of Carbon Taxes' Impact and for the Integrated Assessment of Climate Change Effects: Simulations for Economies of Latin America and the Caribbean (IDB-TN-740)

This paper constructs a small computable general equilibrium (CGE) model to study the impact of carbon taxes on GDP and emissions under alternative closure rules and hypotheses (about mobility of factors, availability of alternative technologies and labor market disequilibrium). The model is simulated for Argentina, Brazil, Chile, El Salvador, Jamaica, and Peru. The paper evaluates the costs of lowering emissions under different scenarios and finds that: i) those costs are lower under full employment and when international mobility of capital is limited, and are higher when carbon taxes are not matched by the rest of the world; ii) compensating carbon taxes with other taxes can help reverse GDP and welfare losses; iii) implementation of alternative technology will be less effective when it is capital intensive from the rest of the world.

OUTSIDE PUBLICATIONS

Bastos, P., L. Castro, J. Cristia and C. Scartascini.

“Does energy consumption respond to price shocks: Evidence from a regression-discontinuity design.”

Journal of Industrial Economics 63: 249–278. <http://onlinelibrary.wiley.com/doi/10.1111/foie.12074/abstract>

This paper exploits unique features of a recently introduced tariff schedule for natural gas in Buenos Aires to estimate the short-run impact of price shocks on residential energy utilization. It finds that a price increase causes a prompt and significant decline in gas consumption. The results also indicate that consumers respond more to recent past bills than to expected prices, which argues against an assumption of perfect awareness of complex price schedules by consumers.

Beuermann, D., J. Cristia, S. Cueto, O. Malamud, and Y. Cruz-Aguayo.

2015. “One Laptop per Child at Home: Short-Term Impacts from a Randomized Experiment in Peru.”

American Economic Journal: Applied Economics 7, 53–80.

This paper presents results from a randomized controlled trial whereby approximately 1,000 laptops were provided for home use to children attending primary schools in Lima, Peru. The intervention increased access and use of home computers, with some substitution away from computer use outside the home. Children randomized to receive laptops scored about 0.8 standard deviations higher in a test of XO proficiency but showed lower academic effort as reported by teachers. There were no impacts on academic achievement or cognitive skills as measured by the Raven's Progressive Matrices test. Finally, there was little evidence for spillovers within schools.

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New Publications

Cristia, Julian, William Evans and Beomsoo Kim. 2015. “Improving the health coverage of the rural poor: Does contracting out mobile medical teams work?” *Journal of Development Studies* 51: 247–261.

Low population density in rural developing countries coupled with deficient infrastructure, weak state capacity and limited budgets makes increasing health care coverage difficult. Contracting-out mobile medical teams may be a helpful solution in this context. This

article examines the impact of a large-scale programs of this type in Guatemala. It documents large impacts on immunization rates for children and prenatal care provider choices. The program increased substantially the role of physicians and nurses at the expense of traditional midwives. The results indicate that mobile medical teams substantially increased coverage of health care services in Guatemala, and could be effective in other developing countries.

This issue of *IDEA* was prepared by Steven Ambrus and Rita Funaro and is based on a forthcoming book by Alejandro Bonvecchi, Julia Johannsen, and Carlos Scartascini entitled, *Quienes deciden la política social?* (Who Decides Social Policy?).

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Who Decides Social Policy?

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or program, SNA tells us specifically who those actors are and what their relationship is to each other. It helps us discern who the real leaders are—as opposed to the officially appointed ones—in the broad network of power. And it shows us who are the connectors, or brokers, with capacity to break the network and obstruct coordination if they so choose. In sum, SNA provides a highly detailed, telescopic view, of the informal connections between individuals and institutions, which are imperceptible from analysis of the formal structures, and which can make all the difference in practice.

That level of detail is brought to bear to considerable effect in the book. Illustrative case studies, using SNA, reveal the surprisingly large influence of non-governmental actors in decision-making in Bolivia; how communication and coordination breaks down in a complex cash transfer system in Peru; and the benefits of a more streamlined structure in Bolivia's Zero Malnutrition program.

None of this supplants traditional methods, of course. The IDB will continue to conduct detailed technical analyses of policies and programs in Latin America. But it will also use the political economy and social network approaches to bring sharp, complementary instruments of inquiry to the design, decision-making and implementation processes that lie behind some of Latin America's greatest conundrums. Those analyses will not only help donors and policymakers realize where things falter. They can help identify the incentives that can push political actors to improve policy and the informal groups or networks that can be tapped to promote strategic partnerships, whether they be a group of ministers or a coalition of grassroots organizations. In illuminating how those dynamics function, *Who Decides Social Policy* seeks to bring new weapons to bear in the fight to improve economic performance and human development in Latin America.