

# Governance, Public Management, and Economic Growth: RTI Experience



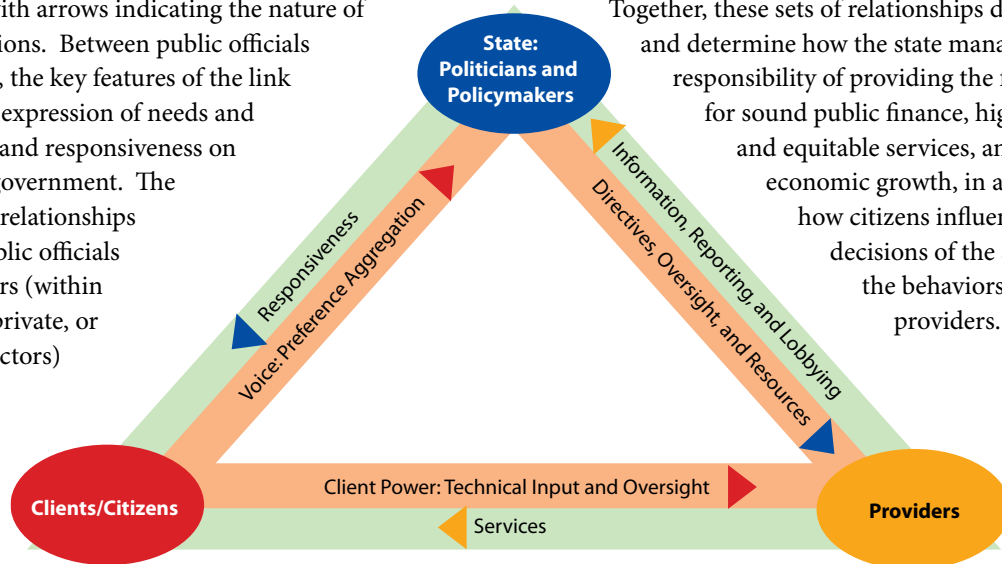
Effective governance provides the foundation for sound public finance, infrastructure, service delivery, and economic growth, along with channels for communication with citizens. These elements combine to ensure responsiveness, accountability, and economic opportunity, all of which are key contributors to societal well-being.

RTI International’s approach to governance focuses on the connections among public officials, citizens, and service providers. Our worldwide experience has confirmed that the character and quality of these linkages determine whether governance systems are able to fulfill their societal role and functions.

concern resource transfers, regulation, and oversight by public officials and service delivery reporting by providers. The links between citizens/clients and providers involve, first and foremost, the delivery of services by providers; however, citizens’ direct feedback and monitoring inform providers on needs, utilization, and satisfaction.

The graphic below illustrates our integrative approach, with arrows indicating the nature of the connections. Between public officials and citizens, the key features of the link are citizens’ expression of needs and preferences and responsiveness on the part of government. The governance relationships between public officials and providers (within the public, private, or nonprofit sectors)

Together, these sets of relationships describe and determine how the state manages the responsibility of providing the foundation for sound public finance, high-quality and equitable services, and sustained economic growth, in addition to how citizens influence both the decisions of the state and the behaviors of service providers.



The following country examples illustrate how RTI has applied these concepts to improve governance and create opportunities for economic growth, as well as the results achieved.

### Program Budgeting

**Ukraine.** RTI's technical assistance, performance-based budgeting (PPB) software and training for 85 municipalities led to better budget planning, execution, and performance monitoring. RTI worked with the Ministry of Finance, Ministry of Economy, and Parliament to strengthen the legal and policy framework for effective budget formulation and execution. As a result, Ukraine revised the Budget Code and other regulations to include medium-term budget planning and PPB. Cities that adopted PPB improved their resource allocation, which contributed to increased efficiencies in services, such as affordable housing lending, access to medical treatment, kindergarten consolidation, and classroom equipment in primary schools.

### Service Delivery Performance Measurement and Management

**Iraq and Indonesia.** To improve service delivery, RTI focuses on five key issues: 1) quantity/coverage; 2) quality; 3) maintenance; 4) sector policy and organization; and 5) management and human capacity. We emphasize collecting information from citizens/clients and developing performance measurement systems that include data on efficiency, effectiveness, and customer satisfaction.



In Indonesia and Iraq, RTI helped provinces and municipalities to survey citizen satisfaction and use cell phones (SMS messaging) for instant feedback. As a result, in Baghdad, the Amanat Water Department redirected funds to the most severe quantity and quality issues identified. Local officials are now conducting surveys on multiple services, based on the success of the water sector work. In Indonesia, RTI conducted customer satisfaction and service improvement priority surveys in many municipalities. As a result of these surveys, local public water enterprises made technical adjustments in services and changed their customer service philosophy and systems based on an accurate measurement of citizens' priorities and current levels of satisfaction.

### Decentralization

**Bulgaria and Indonesia.** Decentralizing governance shortens the linkages among public officials, citizens, and service providers, which leads to increased efficiency, effectiveness, and responsiveness to citizens' needs. Much of RTI's governance assistance helps countries to decentralize resources and service delivery.

In Bulgaria, we supported legal reforms for intergovernmental transfers to align local government authority to raise and spend revenue with service delivery responsibilities. As a result, resource allocation matched needs more closely, and service delivery improved.



In Indonesia, RTI worked with local government on improving core functions, such as budgeting, procurement, personnel management, and local economic development (LED) planning. Local governments increased citizen participation in budgeting and planning, made procurement systems fairer and more transparent, revised salary formulas for civil servants, and improved the investment climate for businesses through better LED plans. For example, local officials reduced the regulatory and tax burden on businesses and engaged the private sector in joint LED strategy development, which increased private investment in their localities.

### Capital Investment Planning and Budgeting (CIPB)

**Iraq, Paraguay, and Uruguay.** Long-term development planning, infrastructure investment planning and budgeting, and infrastructure financing are the three main state responsibilities for the provision of public goods and services. RTI has contributed to the professional literature on CIPB and has advised on the development of modern systems at national and local levels to improve the efficiency and effectiveness of public sector resource allocation for capital investments.



In Iraq, a methodology that RTI introduced for provincial-level planning is now practiced in all of Iraq's provinces, and has been accepted as a government standard for multiyear investment plans to feed into the National Development Plan. RTI also has assisted 14 of Iraq's provinces, to implement multiyear capital investment budgeting that meets Ministry of Finance requirements and incorporates worldwide best practices.

In Paraguay and Uruguay, RTI helped introduce similar systems and developed capacity of municipal budget/finance offices. The involvement of the private sector, citizens, civil society, central government ministries, and municipal or provincial governments—as well as relying on solid information about the characteristics and quality of existing infrastructure—resulted in capital budget decisions that reflect the highest priority needs based on citizens' preferences and hard data on infrastructure deficits.

### Promoting Economic Growth

**West Bank.** Rawabi is the first Palestinian master-planned city built around an explicit economic growth strategy. First-phase residential plans include housing for up to 25,000 people, with expansion up to 40,000 in a second phase. RTI teamed with developer, Bayti Real Estate Development Investment Company, to design an economic growth strategy that situates Rawabi as the hub of a knowledge economy, linking the West Bank to global markets.

This strategy identified a key asset available to the Palestinian economy—a well-educated and under-employed workforce—and used information and communication technology as the infrastructure backbone to link the available workforce to the global economy. Even while residential and commercial construction is underway, aspects of the strategy already were implemented. New companies have been formed to provide design and engineering services to clients within and outside the West Bank, as well as to provide software design services at different value chain intersections with international software companies. These new, as well as preexisting, businesses have committed to locate in the city's commercial center, promising employment prospects for residents. Other economic ventures will link Rawabi to the surrounding, largely rural, and agriculture-based economy, realizing the larger economic hub concept behind its economic development strategy.

## Participatory Planning

**Morocco.** To help implement King Mohammed VI's reforms, which were launched as part of the National Initiative for Human Development, RTI assisted government officials to engage with citizens through participatory planning for service delivery and socioeconomic investment. RTI introduced participatory strategic planning in 13 rural and urban communes that brought together citizens and officials to discuss needs, identify priorities, and develop plans. In one commune, participants at public meetings identified the lack of business opportunities for women as a problem. As a result, the commune received a grant that led to the formation of a women's date processing cooperative.

With RTI assistance, housing officials in six cities held participatory dialogues with slum residents on upgrading and relocation plans to build support for implementation. The dialogues mitigated conflicts with residents that resulted from poor communication and rumors and enhanced residents' satisfaction with the urban renewal programs. The participatory planning and social mediation techniques that RTI introduced were adopted as standard practices for local government and ministry staff.



## Building "Knowledge Ecosystems"

**Worldwide.** Science and technology parks, innovation programs, and technology incubators support the formation and growth of knowledge ecosystems that foster economic development. RTI was established as the research engine of North Carolina's renowned Research Triangle Park over 50 years ago. RTI's work in this arena often bridges the public and private sectors. RTI has performed technology assessments for universities and private companies to assist in capitalizing on intellectual capital developed in their research programs, leading to more than 50 commercial products.

In Mexico, Poland, Portugal, and Thailand, RTI assisted in planning and establishing research centers and knowledge-focused industrial parks. In the United States, RTI prepared industry assessments and business plans for three Energy Innovation Centers to support research and development and workforce development in nuclear, coal, and biofuel power for the Southwest Virginia Higher Education Center. RTI also developed the 5-year strategic plan for the state of Kentucky's science and technology-focused economic development program. In El Salvador, RTI assessed the regulatory and business environments of the 100 largest municipalities, leading to improved local government practices that stimulate and support local economic development.

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### More Information

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*RTI International is a trade name of Research Triangle Institute.*

