1. Overview

Anil B. Deolalikar and Shikha Jha

1. BETTER PUBLIC SERVICE DELIVERY THROUGH GOVERNANCE AND EMPOWERMENT

Developing Asia has achieved remarkable progress in raising prosperity, reducing poverty and improving many social indicators. The most notable areas of progress have been in achieving universal primary education, promoting gender equality, reducing hunger and malnutrition, and preventing the spread of HIV/AIDS, malaria and other communicable diseases. But developing Asia lags behind other world regions in one area in particular—the provision of basic public services and in the quality of services provided. Within the region, large differences exist in the quality and quantity of the services and their access to the poor, due, among other things, to corruption in the form of extortion, bribes and theft of resources. The impacts of such practices are often hardest on the poor who struggle to make payments or simply lose out on services.

While Asian governments spend substantial sums on the provision of public services, weak institutions mean those services are not translating into improved indicators on social welfare, such as school enrollment, life expectancy, infant mortality, availability of potable water, uninterrupted power supply and all-weather roads. Institutional and policy reforms, along with empowering citizens to demand better services, can promote local processes of accountability and improve society–state interactions.

The chapters in this book assess the state of and changes in public services in developing Asia and evaluate the challenges policymakers and frontline providers face, paying particular attention to evidence and lessons and examining the role that governance and citizen empowerment can play in improving public service delivery. The focus is on these two factors because it is unlikely that, given the budgetary challenges facing most governments in developing Asia, public service delivery will be improved through a major increase in spending, at least in the foreseeable future.
future. But better governance and citizen empowerment can increase the effectiveness of current public expenditure on essential services.

2. DEFINING THE ISSUES: GOVERNANCE, PUBLIC SERVICES AND EMPOWERMENT

2.1 Governance

The notion of governance is closely related to the concept of institutions, which brings together the state, citizens and other players. The Nobel prize-winning economist Douglass North (1991) discusses formal and informal institutions. Formal institutions refer to the state and include constitutions, statutes and explicit government rules and regulations. Informal institutions include practices and unwritten rules, such as traditions, norms and codes of behavior, and other social mechanisms based on interpersonal ties and relations.

Acemoglu and Robinson (2012), on the other hand, make a distinction between political and economic institutions. Political institutions relate to citizens’ participation in the process of political decision making and their ability to control and influence politicians’ behavior. Economic institutions relate to protection of private property rights and citizens’ access to market opportunities. Good governance helps create enabling institutional environments and processes through which the government, private sector and civil society interact to determine the impacts of economic policies. Francis Fukuyama (2013) defines governance as “a government’s ability to make and enforce rules, and to deliver services, regardless of whether that government is democratic or not.”

Governance has three main characteristics. First, it spans government, the private sector and civil society (and is therefore distinct from government alone). Second, it is a process—not a product—since it encompasses decisions that are made based on complex relationships between many actors with different goals, interests and priorities. And third, governance is a multidimensional concept, which includes graft, rule of law, government effectiveness, voice and accountability, political instability and violence and the regulatory burden (Kaufmann et al. 1999). Other widely used indicators of governance include property rights and rule-based governance, as well as the quality of budgetary and financial management, including budgetary expenditures and the efficiency of revenue mobilization.

The current orthodoxy in the development community is that democracy and good governance are mutually supportive. However, this is often
more of a hypothesis than an empirically established fact, and it is inappropriate to define governance in terms of the existence of democracy or to define democracy as tantamount to good governance (Fukuyama 2013).

Public services are often the face of governance in a country, because public service delivery is the main channel of contact that most people have with their government and bureaucracy—sometimes the only one. Reflecting developing Asia’s governance problems, the gaps in the state of its public services are glaringly evident when compared to public service delivery in advanced economies. This brings us to the notion of public services.

2.2 Public Services

Public services are essential services provided to citizens by their governments. This is done either directly through the public sector (that is, via public providers) or by nongovernment organizations (NGOs) receiving a subsidy from the government for service provision. These days, public services are so basic and essential to day-to-day life that they are considered fundamental human rights (such as the right to safe drinking water), and the state is expected to guarantee their universal provision to all citizens irrespective of income.

Public services can be grouped into three broad categories: (i) essential utility or infrastructural services, such as the provision of electricity, gas, water, sanitation, telecommunication and maintenance of roads; (ii) social services such as health care, schooling, public housing and social welfare programs (for example, social security and poverty alleviation); and (iii) regulatory services, such as land registry systems for formalizing property rights and land titles, issuance of licenses and permits, establishment of safety and environmental standards and codification and enforcement of law. In developing countries, a number of public services, including agricultural extension services for farmers, family planning programs, and supplemental income assistance schemes, are deemed necessary to achieve national development objectives (economic growth, income redistribution, poverty alleviation and population stabilization). In most cases, public services do not involve manufacturing of goods; and local or national monopolies may provide them, especially in sectors that are natural monopolies such as electricity generation.

Typically, though not necessarily, public services are also public goods in the sense of being non-excludable, non-rival and with positive externalities. Private providers will therefore tend to “free ride” on the provision of others, resulting in suboptimal provision of public goods. This market failure is the traditional argument for intervention. The state is needed to
provide the socially optimal level by equating marginal social benefit with marginal social cost.

Public services are particularly important for the poor and for reducing inequality. Unlike the better-off, the poor often cannot afford to replace deficient public goods with the costlier alternatives the private sector provides. A public distribution system aimed at fulfilling the needs of poor sections of society through the provision of such essential services as food, health and medical attention can bring livelihood essentials within easy reach of people whose lives may remain otherwise largely untouched by economic growth.

As noted earlier, for most people in a country, governance expresses itself in the form of public service delivery, as public services are the main—if not the only—form of contact that individuals have with their government and bureaucracy. As a result, people judge the quality of governance by their experience in receiving essential public services. They infer, quite correctly, that their country is poorly governed if they cannot access basic services, if public services are of poor quality and if they have to resort to paying bribes to access services they are entitled to. In particular, citizens may not view the state as a single monolithic actor, but rather as a set of multiple actors disaggregated by the level of administration. For example, respondents to a household survey in the People’s Republic of China (Saich 2012) expressed greatest satisfaction with the performance of the central government and least satisfaction with the performance of their local government.

In that survey, over 90 percent of respondents were either relatively or extremely satisfied with the central government, but the share decreased to just over 60 percent at the local level. Since local governments in the People’s Republic of China provide almost all public services, the stark difference in satisfaction is likely to be driven by the poor quality of public service delivery (Saich 2012). In the survey, respondents commonly mentioned corruption (40 percent) and lack of competence of local officials (30 percent) as the perceived reasons driving poor governance and service delivery.

As countries get richer and their standards of living improve, citizens demand a greater say—or voice—in determining the quality of public services. For example, data from the Life in Transition Survey II data (European Bank for Reconstruction and Development 2011) show that 36 percent of respondents in Georgia were satisfied with civil courts, in contrast with only 5 percent in the Kyrgyz Republic, which has a lower per capita gross domestic product (GDP). Likewise, a larger percentage of survey respondents in better-off economies in developing Asia such as Armenia and Kazakhstan were more satisfied with primary, secondary and
vocational education. Respondents in less-affluent Kyrgyz Republic and Tajikistan, however, were more responsive regarding unemployment and social security benefits, elements of public services that matter more to them as they affect their day-to-day survival (Asian Development Bank 2013).

2.3 Empowerment

Empowerment is defined as “the process of enhancing an individual’s or group’s capacity to make purposive choices and to transform those choices into desired actions and outcomes” (Alsop et al. 2006, 1). Effective empowerment requires establishing spaces for citizens’ participation through legal rights, governance frameworks and institutional arrangements. It also requires capacity building and adequate resources dedicated to establishing citizen feedback and accountability mechanisms.

On some occasions, power can be claimed and seized by citizens or grassroots groups from the bottom up. But this is contingent upon a specific constellation of circumstances, which tends to involve shared grievances, successful citizen mobilization and civil society alliances with progressive politicians. But in other cases, citizens and communities can be empowered top-down by the governing authority. Since empowerment can be facilitated from within civil society or from outside, its definition as a process must be broad enough to include acquiring power in general (by whatever means).

3. CONCEPTUAL FRAMEWORK

The efficient provision of public goods, including public services, is a challenge in many countries. To conceptualize the different challenges, it is useful to depart from the framework of the World Bank’s World Development Report 2004, which was among the first major efforts to address the problem of public service delivery. The report traces the various channels through which public goods were determined and provided: citizen-clients voice their preferences about different public goods to the state. The state then aggregates these preferences and contracts providers to offer the services to citizen-clients, who also have the possibility to influence the quality of services provided by directly exercising client power.

Each of these stages, however, can be subject to substantial frictions (Xu 2013). The first type of friction occurs because citizens rarely have a single voice. This gives rise to public-choice problems, where heterogeneous groups (nonpoor and poor, for example) compete to make their different
Governance in developing Asia

interests heard by policymakers. The problem is particularly severe in developing countries with high fractionalization along dimensions such as ethnicity, religion or culture. The second type of friction in the smooth provision of public services, as envisaged by the *World Development Report 2004*, arises even in the absence of the public-choice problem when the state does not translate the voiced preferences of citizen-clients into corresponding public policies. Finally, the interests of contracted providers may differ significantly from those of clients and the state so that even when pro-poor policies are chosen, imperfect compliance with the targeting rule and corruption by the providers may reduce the effectiveness of the policies.

How does empowerment improve service delivery within this framework? Empowerment gives individual clients—the consumers and “demanders” of public services—and the communities in which they reside the right to demand better public services. It enables citizens and communities to hold the state accountable for improvements in governance that may lead to the delivery of quality public services. Citizen-clients can also influence the quality of public services provided by directly exercising client power on service providers, who may be public entities (for example, a primary health center or a municipal office in charge of issuing drivers’ licenses) or nonpublic entities (for example, an NGO-run school or a privately run utility). Empowerment can occur through many different mechanisms:

- Rights-based entitlements, whereby the state offers citizens the right to information as well as the right to specific social services and basic necessities (such as food, employment, health and education).
- Participatory performance monitoring, whereby citizens and communities monitor and evaluate the implementation and performance of public services, often according to indicators they themselves have selected, and then demand better performance from service providers.
- Community participation and community-driven development, whereby groups of users of services or entire communities participate in the delivery of services, thereby controlling directly the quantity and quality of services provided.
- Decentralization, whereby the central government devolves many of its revenue and expenditure decisions, including service provision decisions, to local governments that are closer to citizen-clients and likely to be more responsive to their concerns.
- Public–private partnerships, in which the public sector contracts with private parties (including NGOs) to provide public services. Public–private partnerships typically empower consumers, as
private providers bear more demand risk—and are therefore more vulnerable to sanctions from consumers—than public providers. They therefore have a stronger incentive to respond to consumer needs and concerns.

An important caveat is that empowerment is not a panacea for poor service delivery. Indeed, no amount of citizen or community empowerment can result in improved delivery of public services if there are no changes in governance; that is to say, in the manner in which the states finance, allocate and deliver services.

In the last decade or two, the spread of information and communication technology (ICT) has had a profound effect on governance, empowerment and service delivery. One way that ICT can facilitate citizen and community empowerment is by permitting easy public access to information on the performance of service providers, enabling citizens, communities and local governments to better monitor the service providers. ICT can also reduce the scope for graft and corruption by cutting out middlemen, streamlining procedures and increasing delivery efficiencies. By providing information on government budget allocations and service provider workloads, ICT can also make the functioning of government and service providers more transparent, improving governance in general.

4. STRUCTURE OF THE BOOK

The book is organized in three parts. Part I discusses the complex relationship between governance and economic development. Part II focuses on the delivery of public services as the face of governance, and Part III discusses the role of empowerment in improving the delivery of public services.

Part I consists of four chapters. In Chapter 2, M.G. Quibria discusses governance concepts, measurements and paradoxes in developing Asia. Recent years have seen the emergence of a considerable body of literature on governance and its role in economic and social development. Quibria provides an important review of this literature, focusing on some salient issues that include concepts, measurements, data and determinants of governance, as well as empirical findings on the growth–governance nexus. His review sheds light on a governance paradox in Asia: the general disconnect between growth and governance in most economies. This suggests that much of the policy discussion on governance is essentially based on faith and preconceptions, rather than on concrete evidence. And this, in turn, calls into question both the quality of the existing data and the analytical basis of the current policy orthodoxy.
Chapter 3 discusses whether countries with above-average governance grow faster than countries with below-average governance. Xuehui Han, Haider Khan and Juzhong Zhuang address this question empirically, using the World Bank’s Worldwide Governance Indicators to measure governance performance and examine whether countries with a “surplus” of governance grow faster than countries with a governance “deficit.” To answer this question, the authors do a cross-country analysis over 1998–2011. Governance is defined in several dimensions, including government effectiveness, political stability, control of corruption and regulatory quality, voice and accountability and rule of law. The authors find that government effectiveness, political stability, control of corruption and regulatory quality all have a more significant positive impact on country growth performance than voice and accountability and rule of law. Developing Asian countries with a surplus in government effectiveness, regulatory quality and control of corruption are observed to grow faster—by 1.5–2.0 percentage points annually—than those with a deficit in these indicators. Middle East and North African countries with a surplus in political stability, government effectiveness and control of corruption are observed to grow faster than those with a deficit in these indicators by 1.5–2.5 percentage points annually. Good governance is associated with both a higher level of per capita GDP as well as higher rates of GDP growth over time. This suggests that good governance, while important in itself, can also help improve a country’s economic prospects—subject, of course, to the caveat that the statistical analysis points to correlations, not necessarily causality.

Kunal Sen, in Chapter 4, further explores the complex relationship between governance and economic development. He looks beyond the impact of better governance on per capita GDP and GDP growth by extending the analysis to understanding the association between governance and social indicators, such as literacy and health. Sen uses disaggregated measures of governance to allow for the possibility that different dimensions of governance, such as administrative capacity, legal infrastructure and state accountability, can affect different development indicators differently. He finds a clear role for governance in affecting most development outcomes. This is particularly evident for state administrative capacity and legal infrastructure, though less evident for state accountability. The empirical analysis suggests that the relationship between governance and development indicators is generally weaker for Asian countries than for other world regions. It also finds that the key mechanisms by which governance affects development are through increasing the mobilization of domestic resources and increasing the effectiveness by which they are spent on social sectors. This suggests that improvements in governance
and strengthening the mechanisms by which governance affects social development can deliver clear gains in development outcomes in the region. Currently, however, governance quality is lower in Asia than any other region of the world except for sub-Saharan Africa.

The final chapter in Part I, by Shikha Jha and Pilipinas Quising, examines the endemic problem of corruption, which has plagued governments and countries throughout history. Its prevalence across much of developing Asia is now an accepted reality. Corruption takes various forms, such as bribes to government officials, embezzlement of state funds, use of sub-standard material in public construction projects, diversion of supplies, absenteeism of public-service providers, and ghost beneficiaries of public assistance funds. Corruption lowers the quality of public services, reduces the effectiveness of public policies and often accounts for a significant proportion of economic activity. It was once a taboo subject in development circles, but the last decade has seen a seminal shift toward a more active anticorruption stance among international donors and governments. Jha and Quising summarize the potential causes and detrimental effects of corruption in different country contexts, investigate whether research-based solutions and policy recommendations to fight corruption really work and discuss the relevance and success of alternative anticorruption measures in Asia.

Part II opens the discussion of public services as the face of governance. As noted earlier, for most citizens, public services are often the major—sometimes only—point of contact with the government. For these individuals, poor public service delivery is synonymous with poor governance. Anil Deolalikar and Shikha Jha, in Chapter 6, argue that although developing Asia has made great strides in increasing prosperity and improving social indicators over the last quarter-century, public service delivery has lagged behind economic growth. They point to three main problems in public service delivery in the region. First, countries vary considerably in the provision of public services, with South Asia generally falling behind East and Southeast Asia. Second, there are large disparities in the provision of services within countries, with the poor and disadvantaged having significantly worse access to public services. And third, although even the poorest parts of Asia have made great progress in expanding access to public services, the quality of public services in these regions remains inadequate.

In Chapter 7, Joseph Capuno looks at how public–private service delivery arrangements and incentive schemes can address the problem of inadequate access to and poor quality of public services. In recent years, public agencies are becoming less and less the exclusive providers of goods and services that were once traditionally assigned to the state. Instead, state
agencies, at both the national and local levels, and private organizations, both for-profit firms and NGOs, increasingly coordinate, collaborate or partner with each other to finance, produce or provide public services. Using case studies of public–private partnerships from developing Asia, Capuno identifies the factors that account for the successes or failures of these delivery arrangements, focusing on the role of monetary and non-monetary incentives. It finds that they are a viable service delivery mechanism if there is a state or market failure. But to make such an arrangement work it is important to mobilize potential private-sector partners, match the partner’s mission with the appropriate type or level of service provision, and then motivate them with the right incentives, while monitoring them closely for performance. Although most governments seem to have taken these lessons on board when working with for-profit firms, this is less the case when dealing with NGOs in public service delivery.

In Chapter 8, Giorgio Brosio addresses another mechanism that is used to improve public service delivery—decentralization. This can contribute to improvements in public service delivery, though the appropriate political and fiscal institutions have to be in place for this to work. Brosio presents the most important characteristics of decentralized government in Asia, and then analyzes partial decentralization, which he argues is the most common form in many countries. Brosio pays special attention to the challenges in decentralizing public services, and concentrates on the political and fiscal institutions needed for it to have its desired impact. The chapter concludes with a discussion of the specific case of decentralization in education in developing Asia, a sector vitally important to economic growth, but one in which the outcomes of decentralization are difficult to assess.

In Chapter 9, Menno Pradhan and Joppe de Ree examine a specific form of decentralization being used to improve student learning in Indonesia. Because the responsibility to deliver primary education is now decentralized to district governments, teacher management policies vary significantly across districts. Using administrative and survey data, Pradhan and de Ree test the importance of teacher management policies on student learning outcomes in primary schools. Their empirical results suggest that schools with more active teacher working groups and more qualified teachers tend to achieve better learning gains. However, teacher management policies, such as school budget management, participation rates of teachers in teacher working groups and student–teacher ratios account for only a small fraction of the observed differences in student learning outcomes across districts. This suggests that unobserved factors, including the “quality” and implementation of teacher-management practices, matter a great deal in determining student achievement.
Part III takes up the special case of empowerment, which can be both an enabler and a manifestation of good governance and which can help improve public service delivery. As noted earlier, empowered individuals and communities are more likely to be aware of—and exercise—their rights to better public services. They are more likely to hold the state accountable for the delivery of these services. They can also improve the quality of public services by directly exercising client power on the public service providers.

Babken Babajanian, in Chapter 10, discusses how citizen empowerment can help improve the delivery of public services. He examines how different approaches for promoting empowerment affect people’s ability to influence service delivery and identifies the conditions required for effective empowerment. Here, he focuses on three empowerment models: grievance redress, participatory performance monitoring and community-driven development. Evidence suggests that all three models can enhance people’s capacity to engage with service providers and government agencies, articulate their needs and demand better service quality and accountability. Yet these models are based on distinct institutional arrangements that account for the variation in their empowerment and service delivery outcomes. Citizen empowerment in service delivery enhances people’s ability and willingness to participate and express their voice. It also requires the commitment of service providers and government agencies to fair and effective redress. To address these conditions, policymakers should ensure careful design and effective outreach as well as support broader policies to provide space for citizen participation, enforce the rule of law and remove barriers to inclusive access.

Chapter 11 presents an interesting case study of empowerment in India, pursued primarily through a rights-based entitlement approach. Yamini Aiyar and Michael Walton argue that public sector service delivery in India is notoriously problematic in terms of coverage, quality and corruption—and it is especially weak for the poor and the middle class—despite the political commitment of successive governments to inclusive development and the aspirations of the Indian Constitution. In response to this situation, there have been extensive efforts to change the relationship between citizens and the state through granting substantial rights to public services, typically backed by processes of accountability. This has, to a significant extent, been scripted by civil society movements over the past 10–15 years, although in both design and implementation, granting rights to public services has been linked to political processes and connections with parts of the bureaucracy. The authors seek to place this within a conceptual framework and evaluate early experiences, especially in implementation. They undertake a structured diagnosis of the
specific mechanisms that these rights and accompanying accountability instruments seek to influence through an analysis of how the Indian state works. They focus on understanding how the specific reform instruments promoted through a rights-based approach have been articulated and absorbed into the everyday practices of the state. Their central thesis is that although the rights-based approach and measures to institutionalize social accountability have brought some gains in India, these remain limited. And in many cases, they have led to distortions in the political and bureaucratic system rather than deeper change. The authors suggest that a fundamental shift will require more extensive administrative reforms, and that this will only occur when aligned with political processes.

Part III closes with Chapter 12, which discusses ICT, a tool used increasingly around the world to empower citizens and to improve governance generally. Its use has expanded tremendously over the last decade in delivering many types of public services in developing Asia. Subhash Bhatnagar presents several case studies of interventions that have harnessed the potential of ICT to improve governance and where the benefits of the intervention have reached a large number of the poor. ICT is being used in many ways to further economic and social development, such as enabling direct transfers of cash subsidies to the poor, electronic delivery of government services and improved registration of land records. Bhatnagar identifies the critical factors behind the success of large-scale ICT deployment, and discusses how ICT can be used to minimize the discretion government functionaries have to delay or deny services, thereby reducing opportunities for officials to extract bribes from citizens. The author also discusses ways in which ICT is being used to provide greater transparency in the operations of local and national government agencies. The chapter concludes with a recommendation to scale-up ICT initiatives, accelerate the pace of implementation of e-governance, build capacity to reform the process of service delivery and, above all, use mobile-phone-based technologies in public service delivery.

REFERENCES*

Alsop, R., M. Bertelsen and J. Holland (2006), ‘Empowerment in practice: from

* The Asian Development Bank recognizes China by the name People’s Republic of China.
Overview
