

Session 5

Effective Public Service Delivery

- ▶ **POVERTY ALLEVIATION THROUGH EFFECTIVE PUBLIC SERVICE DELIVERY**

MENGZHONG ZHANG

- ▶ **IMPROVING GOVERNANCE AND SERVICES**
Can E-Government Help?

RFI SMITH and JULIAN TEICHER

- ▶ **RURAL POVERTY ALLEVIATION IN INDIA**
An Assessment of Public Programs

B.S. GHUMAN and GURPINDER CHIMA

- ▶ **IMPROVING PUBLIC SERVICE DELIVERY THROUGH BUREAUCRACY**

AWANG ANWARUDDIN

- ▶ **MUTUALLY REINFORCING CYCLES OF PUBLIC SERVICE DELIVERY AND POVERTY REDUCTION PROGRAM**

Lessons from the Implementation of Social Safety Net Program in Indonesia

DJONET SANTOSO

Poverty Alleviation through Effective Public Service Delivery

Mengzhong Zhang¹

I. Introduction

The panelists of this group explored the poverty alleviation avenues available through e-government, bureaucratic reforms, the welfare state, public programs, and other means of effective public service delivery. While the panelists cover a wide range of topics, the focus here is the four papers included in the symposium.

II. E-government

In their paper, R. F. I. Smith and Julian Teicher observe three ways that e-government can help governance and public service:

- e-government can help improve governance and service delivery by refocusing consideration of the purposes and tools of government;
- e-government initiatives pose challenging questions of management, especially about coordination in government and the design of services for citizens; and
- progress toward implementing e-government raises critical questions about preferred styles of governance and about how governments relate to citizens.

The authors conclude that interactions between citizens, the institutions of government, and information and communications technology raise more agendas than governments can handle. Nevertheless, e-government helps improve governance and services by asking questions.

Another point is that e-governance can accelerate economic development and the empowerment of individual citizens, as well as bringing about good governance and development to overcome the problem of poverty alleviation.

¹ Head, MPA Program, School of Humanities & Social Sciences, Nanyang Technological University, Singapore.

E-initiatives will promote new agendas of relationship management and institution construction, playing an increasingly critical role in reconnecting citizens and governments.

III. Bureaucratic Reform

In his paper “Improving Public Service Delivery Through Bureaucracy Reform,” Dr. Awang Anwaruddin examines the current status of the bureaucracy in Indonesia and proposes some recommendations for improvement.

The author identifies three kinds of problems with Indonesia’s bureaucracy. First, Transparency International reports indicate that Indonesia is among the most corrupt countries in the world in recent years and the *World Competitiveness Yearbook 2003* demonstrates that the performance of bureaucracy in Indonesia is ranked the world’s worst along with those of Viet Nam and India.

Second, there are problems with the overlapping structure of bureaucracy, vague divisions between government functions and citizen obligations, and unclear political process of policy formation. In both central and local government, the bureaucracy is now getting bigger and more swollen. Therefore, the bureaucracy becomes inflexible and slow in responding to emerging problems.

Third, there are problems with human resources quality. About 60% of public employees are educated at high-school level, while only 15.6% graduates are university graduates. The remuneration is not based on merit that considers the work performance. Thus, there is no correlation between salary and productivity.

In countries like Indonesia, the main problem is low public service performance and excessive service cost. Therefore a positive prescription is a comprehensive approach of bureaucratic reform, including the bureaucratic institution, management, human resources, and service culture. Other efforts may include i) establishing an interagency committee, ii) assistance from academic institutions/NGOs, iii) collaboration between government and academic institutions, iv) program evaluation, v) absorption of funding from ADB and other foundations, and f) encouraging comprehensive participation.

Anwarudin’s detailed approach to reform efforts is offered through preliminary, implementation, and evaluation stages.

IV. Welfare State

In his paper, Dr. Djonet Santoso examines the role of the Social Safety Net (SSN) program in Indonesia in poverty reduction. It is a general understanding that government should work to boost economic growth, reduce poverty, and develop the human resources through expanding public health spending and schooling. In this regard, the Indonesian Government created the SSN program in 1998. Though the effectiveness of the program varies across regions, the study reveals that on many occasions the program has missed the target groups. The SSN program has four subprograms: food security, employment creation, education, and health care. To further improve the effectiveness of the SSN program, the author recommends that the Government implement several strategies: consult with nongovernment organizations; take new approaches; improve the transparency of information dissemination to the public; bring about effective and efficient public consultation; monitor the progress of programs or projects; encourage citizen participation; and look for accurate demographic data.

V. Public Programs

In their paper “Rural Poverty Alleviation In India: An Assessment of Public Programs,” B. S. Ghuman and Gurbinder Chima use secondary data and identify the impact of public programs on rural poverty alleviation as well as highlighting the collective role of both policy and nonpolicy variables in rural poverty alleviation.

The authors use regression analysis to find out that four variables—per capita (rural poor) expenditure on wage employment generation and self-employment programs for the rural poor, per capita monthly supply of rice and wheat by the Public Distribution System (PDS) for below-poverty-line rural people, per capita funds advanced by regional rural banks for the rural poor, and rural nonfarm employment—help in reducing the percentage of India’s rural poor.

Thus, from the public policy perspective, the authors recommend allocation of more public funds for wage employment and self-employment programs, and for the PDS. Moreover, the number of rural regional banks should also be increased, which would be effective in reducing the number of rural poor.

Our panelists cover a number of issues that manifest the value orientation of conventional public administration, such as efficiency, effectiveness, social equity, democratic participation, and public accountability. While traditional

values are emphasized, the more contemporary ideas of New Public Administration are also highlighted, such as entrepreneurship, market orientation, and result and outcome orientation.

Poverty is a historical phenomenon; only if economic development reaches an advanced level can poverty ultimately be eliminated. Nevertheless, even in rich countries like the USA, fighting poverty is still a significant issue. Therefore, public administration shoulders the responsibility of redistributing social wealth through a number of means, such as tax policy, diverse welfare programs, and other regulatory policies. Public administration has a large role to play in facilitating economic growth as well as ensuring social equity. Although our panelists and other participants have greatly contributed to our understanding of the state of the arts of poverty alleviation in so many countries and areas of Asia-Pacific region, they do not exhaust the issue. New problems and questions will surely emerge from time to time. In this regard, we look forward to the next NAPSIPAG conference for the new means and new ideas about governance from and for Asia-Pacific areas.

Improving Governance and Services: Can E-government Help?

R. F. I. Smith¹ and Julian Teicher²

I. Introduction

Since the late 1990s, the prospect of using information and communication technologies (ICTs) to improve effectiveness, fairness, and accountability in government has attracted widespread enthusiasm. However, early hopes that e-initiatives would bypass intractable questions of government organization and transform citizen experience of the delivery of public services have given way to more modest claims.

At the same time, thinking about how to use ICTs most effectively in government has generated widening questions about what governments should try to do and how they should do it. As Fountain (2001) has argued, e-initiatives reconfigure bureaucracy and disturb settled understandings about politics and the nature of the state.

ICTs open up diverse patterns of personal and group interaction. But managing ICT infrastructure and applications to provide better government demands coordination. Within government, e-government initiatives pose sharp questions about the roles and capabilities of the executive. They challenge the executive to organize itself for integrated policy making and management, respond to what citizens actually need, and manage multilayered and reciprocal interactions between government organizations and technology.

These challenges are linked, but linking them in a “whole-government” agenda creates large tests of executive capability.

A recent study by the Organisation for Economic Co-operation and Development (OECD) sets out key dimensions of the challenge in these terms: “Key questions include: How to collaborate more effectively across agencies to address complex, shared problems; how to enhance customer focus; and how to build relationships with private sector partners” (OECD 2003: 11). Such questions lead directly to a familiar dilemma “How to capture

¹ Coordinator, Public Policy and Management Program, Department of Management, Faculty of Business and Economics, Monash University, Melbourne, Australia.

² Professor and Head, Department of Management, Faculty of Business and Economics, Monash University, Melbourne, Australia.

the benefits of coordinated action and shared approaches while maintaining individual agency responsibility and accountability for operations and results” (OECD 2003: 15).

Many governments have gone to great lengths to craft pluralist or decentralized strategies for improvement. In such models, connections between diverse initiatives depend on consultation and negotiation. Many large and complex businesses have followed similar paths.

However, the opportunity costs of e-initiatives are high. Such initiatives need to provide value. For governments, e-initiatives need to provide policy, management, and service outcomes that citizens value. The concept of public value provides a useful framework for making such assessments (Moore 1995; Kelly and Muers 2002; Stoker 2003; UN 2003; Smith 2004). For businesses, e-initiatives need to grow the business, build shareholder value, or maximize dividends. This has led to steadily more assertive rethinking of the role of coordinating and framework-setting bodies for the use of ICT in both business and government.

Themes of decentralization, devolution, and differentiation associated with New Public Management, neoliberal, or Washington Consensus agendas, which had a pervasive influence in the 1990s, are critically reconsidered. The OECD e-government project team (OECD 2003: 99) sets out a long list of benefits of central coordination. For the private sector, Nicholas Carr argues controversially that similar considerations apply:

Hierarchies... may outperform markets when it comes to integrating complex information systems, leading to a re-emergence of the vertically integrated company (Carr 2004: 12).

In a major study of information technology (IT) governance, Peter Weill and Jeanne Ross (2004) go further; they concentrate on the private sector but include significant public sector cases. They set out a concept of IT governance in which decision rights about IT are carefully allocated to ensure that business strategies drive IT investments. They propose that as dependence on IT spreads throughout organizations, IT governance increases in importance. In words that mirror the phrasing of the OECD team, Weill and Ross argue that the task of good governance is to handle effectively

a longtime management paradox—encouraging and leveraging the ingenuity of all the enterprise’s people while ensuring compliance with the overall vision and principles (Weill and Ross 2004: 236).

Governments introducing e-initiatives thus face contradictory pressures. Making e-government initiatives work demands significant resources. E-initiatives are hungry for political, organizational, human, and financial capital. Investments and potential gains are large. But to date, actual gains, however measured, are modest (see for example, Teicher and Dow [2003]). Further, the price of even modest gains is to open up controversial agendas of governance. Central coordination is back. And it is joined by demands for more responsive and participative government.

The propositions outlined above provide a framework for exploring these issues. Examples will be drawn from international surveys of e-government (OECD 2003; UN 2003; Yong 2003) and from the state of Victoria and the federal government in Australia. This paper argues that

- e-government can help improve governance and service delivery by refocusing consideration of the purposes and tools of government;
- e-government initiatives pose challenging questions of management, especially about coordination in government and the design of services for citizens; and
- progress toward implementing e-government raises critical questions about preferred styles of governance and about how governments relate to citizens.

II. Refocusing the Purposes and Tools of Government

E-government initiatives focus attention on the long-term impacts of the interaction of technology and organizations. E-government is not just about using ICTs throughout the institutions and operations of government. It is also about how organizations in government perceive and apply technology. The reciprocal relations between technology and organizations drive long-term change (Fountain 2001, Bellamy 2002).

Ambitions for e-initiatives in government are large. A recent UN survey argued that

E-government is about opportunity. Opportunity for the public sector to reform to achieve greater efficiency and efficacy. Opportunity to reduce costs and increase services to the society. Opportunity to include all in public service delivery. And opportunity to empower the citizens for participatory democracy.

But the greatest promise of e-government is the historic opportunity for the developing countries to “leap frog” the traditionally longer development

stages and catch up in providing a higher standard of living for their populations (UN 2003: 182).

Similarly, in Australia the state government of Victoria stresses the need for positive social impacts. Recently, it reframed its e-government strategy around people-centered government. Its aim is

[t]hat Victorians [be] assisted to meet their everyday needs through timely, convenient and relevant support from government, made possible by harnessing the capabilities of information networks and communications technologies as they evolve (Government of Victoria 2002:1).

Further,

E-government should be about people, not technology... Putting People at the Centre... is our vision for creating a new era of richer interaction between the government and citizens (Government of Victoria 2002: 2).

E-government is thus about the potential for a transformation of government and governance. Many early discussions of e-government outlined stages in the development of e-government in which the final stage was “transformation,” “integration,” “seamless service delivery,” or some similarly ambitious state. However, the path to transformation is tricky. Early, discrete, and bottom-up e-government initiatives tended to meet barriers. Such barriers included costs of ICT infrastructure, lack of interoperability, and problems of coordination. It proved easier to initiate specific projects than to bring together integrated packages. It also proved easier to use the Internet to provide information than to facilitate transactions.

Thinking about the path to transformation raises large questions. Three deserve particular attention. First, is how is change in the application of technology is to be managed?. Whether the focus is on determining requirements for IT infrastructure, finding funds to invest and accounting for those invested, outsourcing responsibility for technology supply, redesigning office procedures, or redefining requirements for skills and knowledge possessed by public employees, governments are expected to assume substantial responsibilities for the management of change.

In a study that combines technical and organizational perspectives, Lionel Pearce uses the evolution of selected stages models to set out the extent of the change agenda. He argues that the specialists in information systems management who originated stages models found themselves drawn progressively more deeply into issues of organization and management. He advocates an organization development model in which each step forward

is checked against progress in four dimensions: financial, business process improvement, organizational learning, and customer satisfaction (Pearce 2004:147).

The second question is how to determine the focus of desired transformations. Much discussion focuses on citizens as customers. Government is treated as a retail business and initiatives focus on individual transactions, for example, paying taxes, receiving benefits, renewing licenses, or finding information. E-government in Singapore is notable for the number of transactions now available electronically. Victoria Online provides users with access to Victorian agencies through a single entry point. It also provides access to federal and local levels of government. At the federal level australia.gov.au provides access to a series of portals with entry points to federal government services and to state governments.

However, citizens expect more from governments than to be treated as customers (Mintzberg 1994). Pressures emerge for holistic initiatives that benefit citizens as a group. Such initiatives may include institution building, policy development, or the management of information on which both the internal operations of government and the delivery of services depend. The statements quoted above from the UN and the government of Victoria make this explicit. However, progress on such initiatives is at a very early stage.

The third question is how to measure progress and learn lessons. Initiatives need to provide value to citizens and to be integrated. The country recognized consistently as an outstanding leader in e-government, Canada, makes a point of using citizen surveys, focus groups, benchmarking tools, and advisory groups (Government of Canada 2003). Canada also explicitly links the achievement of efficiency gains with improving and integrating services.

The federal Government in Australia follows a similar course. In a recent study, it found that e-initiatives returned favorable cost-benefit ratios and that, if anything, agencies underestimated “the financial benefits to people of government online initiatives.” It also found a demand from citizens for more participation:

Focus group participants indicated a strong desire for more information, greater interaction with government agencies and active participation in development of future community-focused e-government initiatives (AGIMO 2003).

For the two largest countries in Asia, the People’s Republic of China and India, a whole government perspective is also emerging as critical. James S. L. Yong and Janice L. K. Leong provide an example of the management difficulties facing e-initiatives in the Beijing Government:

We still lack a clear uniform standard in constructing e-Government, since different departments have different standards. Also, it's very difficult to redefine the work responsibilities of those departments (Yong and Leong 2003: 86).

Unless such problems are addressed, Yong and Leong foresee that “islands of automation” will emerge in different government agencies, and the overall e-government interface will remain disjointed (2003: 93).

Yong and Sachdeva identify similar issues in India, stating that

...the road to an integrated e-Government system in India is still a long one. The projects are emerging disparately without much replication and interoperability... There is a great need for a comprehensive national e-Governance Plan (Yong and Sachdeva 2003: 142–143).

If such issues assume high priority in countries that are making conspicuous efforts, they assume even more significance in countries that are still starting out. In Indonesia, for example, Ayuning Budiati (2004) found that e-government initiatives needed stronger leadership from the President and central agencies. Progress was further inhibited by the strong tendency for agencies and levels of government to work alone.

E-government thus refocuses the purposes and tools of government by contributing to agendas that place a high priority on coordination, integration, and providing citizens with value.

III. Rethinking Coordination and Design of Services

Ensuring that ICT infrastructure supports e-government strategies requires explicit strategies for the governance of ICT. Once information and transactions are available online, attention refocuses on integrated services. In turn, this leads to proposals for service redesign. Both governance of ICT and service integration have consequent impacts on the distribution of agency responsibilities and relations with users.

A. Governance of IT

The approach to IT governance proposed by Weill and Ross is designed to manage change. They argue that the need for IT governance increases as change accelerates (2004: 184). In brief, their case is that good IT

governance pays off: IT is expensive, IT is pervasive, new ITs bombard enterprises with new business opportunities, IT governance is critical to organizational learning about IT value, IT value depends on more than good technology, senior management has limited attention spans, and leading enterprises govern IT differently (2004: 14-18). Through an extensive survey of IT management practices in leading corporations and several public sector agencies, including the Metropolitan Police Service in London and UNICEF, they aim to identify effective governance strategies.

For governments, their argument about organizational learning is especially important. Weill and Ross state that

[e]nterprises have struggled to understand the value of their IT-related initiatives because value cannot always be readily demonstrated through a traditional discounted cash flow analysis. Value results not only from incremental process improvements but also from the ability to respond to competitive pressures... Effective governance creates mechanisms through which enterprises can debate potential value and formalize their learning (2004: 16–17).

The examples cited above reflect the difficulties many governments have in managing contending e-initiatives. Governments need to learn how to manage them better and convince citizens that they are getting value for money. Further, governments need to learn how to learn about managing e-government.

Weill and Ross's analysis is based on an IT governance arrangements matrix related to different governance archetypes for different kinds of decisions. They identify five interrelated IT decisions:

- IT principles—clarifying the business role of IT;
- IT architecture—defining integration and standardization requirements;
- IT infrastructure—determining shared and enabling services;
- business application needs—specifying the business needs for purchased or internally developed IT applications; and
- IT investment and prioritization—choosing which initiatives to fund and how much to spend. (2004: 10–11).

They identify six archetypes for the kinds of people involved in making IT decisions:

- business monarchy—top managers;
- IT monarchy—IT specialists;
- feudal—each business unit makes independent decisions;
- federal—combination of the corporate center and the business units with or without IT people involved;
- IT duopoly—IT group and one other group (e.g., top management or business unit leaders); and
- anarchy—isolated individual or small group decision making (2004: 12).

Table 1. Governance Arrangements Matrix

Decision - - - Archetype	IT Principles	IT Architecture	IT Infra- structure	Business Application	IT Investment
Business Monarchy					
IT Monarchy					
Feudal					
Federal					
Duopoly					
Anarchy					

Source: Weill and Ross 2004: 11.

They use the matrix to plot the distribution of arrangements used by the organizations in their study, relate arrangements for the overall making and monitoring of strategic business decisions, and identify effective patterns of governance.

Weill and Ross find that any decision archetypes can be associated with effective business strategies (2004: 158–175). However, patterns fall into three main groups. Companies that focus on operational excellence use highly centralized IT governance to facilitate high-volume, low-cost transaction processing. Companies that focus on customer intimacy face more complex needs and try to combine decentralized organizational structures with strong business and IT monarchies to “define and enforce

shared technology, business processes, and data definitions” (2004: 168). Companies that focus on product leadership need to encourage creativity while sharing results and building synergies. They can use duopolies and IT monarchies. They can even use feudal arrangements for identifying IT application needs.

Generally, Weill and Ross argue that IT governance in corporations is moving from “more autonomous to more synergistic organizational designs. As firms evolve toward more synergistic designs, they adopt more complex IT governance” (2004: 175).

The distinguishing features of most government organizations are greater organizational complexity and difficulties in performance measurement. Weill and Ross recommend

- using joint business and IT decision making for setting IT principles,
- considering IT infrastructure principles to be strategic business decisions,
- not using a feudal model for business application needs, and
- using joint decision making for IT investments. (2004: 203–205).

They suggest that high-performing public sector bodies regularly use the following mechanisms

- executive committees focusing on all key assets including IT,
- IT council comprising business and IT executives,
- IT leadership committee comprising IT executives,
- architecture committee,
- tracking of IT projects and resources consumed, and
- business/IT relationship managers (2004: 205–206).

The most conspicuous result of improved IT governance is improved management of information. For example, they attribute the transformation of business processes in the United Nation Economic and Social Council to construction of an effective intranet.

Weill and Ross conclude that, compared with corporations, government and not-for-profit organizations need to govern IT in subtly different ways:

Successful IT governance in not for profits relies even more on partnerships and joint decisions between business leaders as well as heavier use of formal mechanisms such as committees. More and more not for profits will include representatives from outside the organization on their IT governance mechanisms to reflect their broader definition of value (2004: 214).

The strength of Weill and Ross's analysis is that it is based on case studies of large government or not-for-profit organizations and reinforced by considerable familiarity with government operations. However, it does not examine arrangements for whole governments. The following brief examination of governance arrangements in the federal Government in Australia and the state government of Victoria makes a start at filling the gap.

This examination reinforces Weill's and Ross's conclusions about business complexity and improved governance by evolution. However, as Canadian observers have noted, a government is an "enterprise of enterprises." For this reason, federal models are highly attractive. The problem is that, as Australian experience shows, "whole-of-government" models are very difficult to sustain. Making business-IT duopolies work at agency level does not necessarily create support for a cohesive, whole-of-government federal system. Federal models provide thin restraints on feudal temptations, and the culture of agencies and departments operating in isolation is well entrenched.

B. Federal Government in Australia

In the federal Government, the history of IT governance and of e-government initiatives is of successive attempts to improve coordination, which decay, and a profusion of single-agency or single-transaction initiatives, which succeed but do not always connect. Whole-of-government approaches to IT governance began in the early 1990s with a review commissioned by the Minister of Finance. The Finance portfolio had, and still has, a leading role in management reform across the federal public sector. While the review recommended improved coordination between agencies, it also recommended contestability and outsourcing for IT solutions. A new Government in 1996 attempted to drive outsourcing from the Department of Finance. Although it was forced to abandon this strategy, because of it a substantial legacy of mistrust of central direction of IT remains.

In 1997, the Government set up the National Office of the Information Economy (NOIE) as a separate office within the portfolio of Communications, Information and the Arts. The office had a dual role: it encouraged internal coordination of e-initiatives; it also had responsibility for developing the regulatory and physical infrastructure for e-commerce. NOIE absorbed responsibilities from other departments, including the Office of the Government Online, but it did not have overall responsibility for e-government.

Meanwhile, in 2002, the government set up an Information Management Strategy Committee (IMSC), supported by a Chief Information Officer

Committee. The IMSC included heads of significant service delivery agencies and the Department of the Prime Minister and Cabinet. The head of Communications, Information Technology and the Arts chaired the committee. The Department of Finance was not represented. The committee encouraged a “big picture” approach to ICT issues, but agencies continued to be responsible for their own arrangements. As Teicher and Dow have commented, these arrangements reflected

...the fragmented nature of public management and the difficulty of achieving a whole-of-government perspective in the wake of two decades of managerialist reforms which have been partially successful in developing an organization specific culture (Teicher and Dow 2003: 243).

However, the Management Advisory Committee, a meeting of departmental and significant agency heads, began to take a larger interest in the use of ICTs. The e-government benefits study, referred to above, also developed a substantial whole-of-government agenda:

- consistent methods for demand assessment and a demand assessment approach that will respond to the whole-of-government perspective;
- consistent mechanisms for tracking all government service delivery options so adoption of e-government can be placed in perspective;
- consistent methods for assessing value and determining which projects have an acceptable benefit/cost ratio and should proceed;
- a whole-of-government e-service architecture that focuses on the user and the interface to the user that will honor the intention of citizen-centric and cross-agency expectation;
- a mechanism for cross-agency cooperation that allows agencies to take the lead as well as deliver services on each other’s behalf; and
- a funding mechanism that responds to the social value being created and supports e-government initiatives that reflect cross-agency cooperation and citizen-centric development (AGIMO 2003).

In 2004, the Management Advisory Committee followed up with a forthright report on coordination entitled *Connecting Australia: Whole of Government Responses to Australia’s Priority Challenges* (MAC 2004). Also in 2004, the Government split NOIE, absorbed it into the Department of Communications, Information Technology and the Arts and created the Australian Government Information Office (AGIMO). AGIMO inherited NOIE’s internal coordination tasks. Further, as part of a post-election reshuffle, the Government created in the Finance portfolio a new Department of Human

Services, charged with improving service delivery, and transferred AGIMO to Finance. The impact of these changes is yet to be seen.

After several years and by a zigzag path, the federal Government has put together arrangements that may be able to fulfil Weill and Ross's governance tasks. It has moved from a stance of differentiation and outsourcing to one of collective leadership by department and agency heads. Setting up the Department of Human Services suggests that it may also be willing to tackle the task of integrating services by redesigning their organizational architecture, and in the process reconfiguring the bundles of government services. Putting AGIMO and Human Services together in the Finance portfolio provides a platform for serious reform. Under NOIE the federal model tended to become confederal. Under the new arrangements it has gained a potential center.

C. Victoria

In Victoria, the history of e-government is of initial enthusiastic political leadership, substantial redirection following a change of government, and recent steps to institutionalize political and bureaucratic leadership in the interests of further ambitious initiatives.

In the early 1990s, a neoliberal government created Multimedia Victoria as a new agency to encourage e-commerce and e-government. In 1999, a new government, as noted above, introduced themes of "people-centered government." It recognized also the need for a holistic approach, including

- effective governance—the mandate or authority to act in a given situation, a framework for reporting and accountability, a recognized budget process and reward system;
- business systems—the operating business and decision-making processes that support cross-government activities; and
- physical infrastructure—the ICT and other systems needed to combine agency services for presentation to the community in an integrated way (Government of Victoria 2002: 14-16).

It developed Victoria Online as a joint venture between Multimedia Victoria and the Department of Premier and Cabinet, in conjunction with a range of external stakeholders. The project relied on extensive social research.

Victoria's approach is a counterpoint to its initial centralized, politically led initiatives, with a strategy to link citizens, technology, and community development. However, this strategy was easier to articulate

than to implement. More recently, Victoria has opted for a radical reorganization of decision making. Central to the new arrangements is a new position of system-wide Chief Information Officer (CIO) “to improve efficiency, promote innovative and integrated service and cut waste” (Moran 2003). A new position of Chief Technical Officer (CTO) was also created. The initiative was supported by a report by the Boston Consulting Group (Government of Victoria 2003). The consultants made extensive studies of private sector CIO models and of government ICT management roles that the consultants thought to be overly decentralized.

The office of the CIO is located in the Department of Premier and Cabinet, which, with the Department of Treasury and Finance, provides advice across the full range of government responsibilities. The office of the CTO is located in the Department of Infrastructure. As with NOIE at the federal level, Multimedia Victoria has been divided. The CIO supports an ICT Strategy Project Board at head-of-department level and an ICT Strategy Sub Committee of the Expenditure Review Committee at Cabinet level. Similar central consolidation of roles, consistent with Weill and Ross’s recommendations discussed above, is envisaged for each department and agency.

The Boston Consulting Group consultants made extensive studies of private sector CIO models and of government ICT management roles which the consultants thought to be overly decentralized.

The approach is designed to build a continuing conversation among stakeholders about governance principles and a thorough examination of all existing plans and investments. It includes significant foundation projects, such as a single data center servicing all agencies, a government-wide document management system, and a shared application hosting environment (Office of the Chief Information Officer 2004; Woodhead 2004).

The foundation CIO received praise for his diplomatic approach to securing the support of secretaries of departments: “he accepted they held unambiguous accountability for the outcomes of their departments. He adopted mechanisms to make allies rather than trying to wrest power from them” (King 2005).

In the words of the foundation CIO, He argued that the approach provides strong reasons for people to work together (Woodhead 2004):

What we’ve established are mechanisms for ensuring that agencies have discretion in regard to the evolution of decisions that their operations depend on, but in exercising that delegation we reversed the onus of proof. We essentially said that secretaries are to have regard to plan developments and to demonstrate why non-compliance would be beneficial (Woodhead 2004).

In terms of Weill's and Ross's archetypes, the approach places strong emphasis on joint decision making based on shared understandings of complex patterns of interdependence. It aspires to a federal model in which business and IT infrastructure needs are bound tightly together.

In the short run, the results of the Victoria initiatives are ambiguous. Two other states have followed Victoria's appointment of a CIO with overall responsibility for ICT. However, in Victoria itself, the foundation CIO resigned unexpectedly after less than a year. While the government promptly appointed a respected replacement, speculation has continued about the viability of the role. Such speculation is fuelled by the high turnover of CIOs in both business and government in Australia (King 2004, 2005). However, how to make CIO positions a part of stable top management teams remains vigorously contested.

In different ways, the federal government in Australia and the government of Victoria have raised the priority of IT governance in plans for e-government. They have accepted that it is essential to align IT infrastructure with business needs. Like Weill and Ross, they have tried to solve the puzzle of how to encourage creativity by allowing discretion while ensuring effectiveness by providing leadership.

IV. Reconnecting Citizens and Governments?

The cumulative impact of e-government initiatives holds out the prospect of creating substantial public value. Recent initiatives in Australia recognize the need to provide citizens not only with improved services but also with improved opportunities for participation.

Strengthening links between the current internal focus on IT governance and the benefits made available to citizens will become urgent. E-initiatives will promote new agendas of relationship management and institution building. Five examples make this clear.

First, initiatives in single electronic transactions, including procurement and licensing, improve transparency, accountability, and timeliness in decision making. Some citizens will be satisfied with quick, fair decisions. Others will want to develop wider agendas of transparency and accountability.

Second, looking at government services as retail operations has led to initiatives in service integration. Such integration has proved harder than it looked because service redesign leads to agency redesign. In turn, agency redesign changes relationships with users.

Third, sharing information within the public sector raises questions about accuracy, security, and privacy. Within government, sharing information

poses challenges of technology and management. Information once gathered can be shared and analyzed. Aggregating information can itself create new information. In turn, this may lead to new policy and management options. However, within the community, such activity raises questions of accuracy, security, and privacy. High value is placed on ensuring that information shared is accurate, that it is not shared between organizations serving conflicting interests, and that personal information is not shared without safeguards. How to determine citizen preferences about what can be shared and what must be kept private is emerging as a task of strategic importance.

Fourth, experiments with e-consultation and e-democracy join e-government agendas with wider agendas about new forms of national governance. As Canada has shown, citizen surveys can help shape effective e-initiatives. Weill and Ross and recent Australian initiatives acknowledge the need for stakeholder involvement. So far, experiments with e-democracy are modest. However, together with other e-initiatives, especially about the management of information, they have the potential to raise new agendas. These include demands to renegotiate relations between executives, legislatures, and the citizens on whom both executives and legislatures depend.

Fifth, e-initiatives have the potential to transcend national boundaries. So far the strongest impacts on organizational boundaries have concerned agencies in government. Initiatives to integrate services have already led to questions about the realignment of responsibilities within federal systems. In Australia, relations between federal and state levels of government have swung between competition and collaboration. Current relationships are strongly competitive. Building integrated e-government initiatives will depend on negotiating a new agenda for collaboration. This suggests that similar attempts to collaborate between national governments are likely to open up substantial new agendas.

Many discussions of e-government have kept it quite separate from agendas in e-governance. This discussion suggests that these agendas are already merging.

V. Conclusion

This discussion has examined the challenges for governments of making effective connections between technology and business strategy against the background of early, ambitious claims for e-government. It suggests that internal agendas about IT governance connect with wider issues of national and international governance.

It concludes that, at present, interactions between citizens, the institutions of government, and ICT raise more agendas than governments can handle.

However, trying to find ways through these agendas is to confront questions of wide interest to citizens. At the very least, e-government thus helps improve governance and services by asking questions.

This discussion also makes clear that the most successful structures for managing e-government are likely to be based on carefully balanced federal models. Agency-specific approaches with weak coordination lend themselves to a transactional approach to service delivery and to e-government more generally. Such approaches understate the potential of both e-government and good governance.

References

- AGIMO (Australian Government Information Office). 2003. *E-government Benefits Study*. Available: www.agimo.gov.au.
- Bellamy, Christine. 2002. From Automation to Knowledge Management: Modernizing British Government with ICTs. *International Review of Administrative Sciences* 68.
- Budiati, Ayuning. 2004. Improving E-Government Implementation in Indonesia to Enhance the Government's Capacity to Serve. Unpublished research report. Melbourne: Monash University, Department of Management, MPPM Program.
- Carr, Nichola. 2004. In Praise of Walls. *MIT Sloan Management Review* 45(3) Spring.
- Fountain, Jane E. 2001. *Building the Virtual State*. Washington, DC: Brookings.
- Government of Canada. 2003. *Building Capacity to Accelerate Service Transformation and e-Government*. Available: http://www.egov.alentejodigital.pt/Report2003_Canada.pdf.
- Government of Victoria. 2002. *Putting People at the Centre*. Available: www.mmv.vic.gov.au.
- . 2003. *Standard Corporate ICT Infrastructure Strategy*. Available: www.egov.vic.gov.au/Victoria/StrategiesPoliciesandReports/Reports/ICT-Strategy/ICT-Strategy.htm.
- Kelly, Gavin, and Stephen Muers. 2002. *Creating Public Value*. Strategy Unit, Cabinet Office, UK. Available: www.strategy.gov.uk.
- King, Agnes. 2004. *The Magnificent Seven*. Available: wysiwyg://6http://smh.com.au/cgi/articles/2004/09/07/1094322750194.html.
- . 2005. *Why Did They Leave?* Available: wysiwyg://113/http://www.misweb.com/printmagazine.asp?doc_id=24400.
- MAC (Management Advisory Committee). 2004. *Connecting Australia: Whole of Government Responses to Australia's Priority Challenges*. Canberra: Commonwealth of Australia.
- Mintzberg, Henry. 1996. Managing Government, Governing Management. *Harvard Business Review*. May.
- Moore, Mark H. 1995. *Creating Public Value*. Cambridge, MA: Harvard University Press.

- Moran, T. 2003. *New Governance Model for ICT within the Victorian Government*. Available: www.dpc.vic.gov.au.
- OECD (Organisation for Economic Co-operation and Development). 2003. *The e-Government Imperative*. Paris: OECD Publications Service.
- Office of the Chief Information Officer. 2004. Available: www.dpc.vic.gov.au
- Pearce, Lionel. 2004. New Government, Digital Government: Managing the Transformation. In *Future Challenges for E-Government*, edited by J. Halligan and T. Moore. Volume 2. Canberra: AGIMO and IPAA(ACT).
- Smith, R. F. I. 2004. Focusing on Public Value: Something New and Something Old? *Australian Journal of Public Administration* forthcoming 63 (4). December.
- Stoker, Gerry. 2003. *Public Value Management (PVM): A New Resolution of the Democracy/ Efficiency Tradeoff*. Available: www.ipeg.org.uk/paper%20Series/PVM.pdf.
- Teicher, J., and N. Dow. 2002. E-government in Australia: Promise and Progress. *Information Polity—The International Journal of Government and Democracy in the Information Age* 7(4). May.
- UN (United Nations). 2003. *World Public Sector Report 2003: E-Government at the Crossroads*. New York: United Nations.
- Weill, P., and J. Ross. 2004. *IT Governance*. Boston: Harvard Business School Press.
- Woodhead, Ben. 2004. A weight of information. *Australian Financial Review*, 13 July: 36.
- Yong, J. S. L., ed. 2003. *E-Government in Asia*. Singapore: Times Editions.
- Yong, J. S. L., and J. L. K. Leong. 2003. Enter the Dragon—Informatization in China. In *E-Government in Asia*, edited by J. S. L. Yong. Singapore: Times Editions.
- Yong, J. S. L., and Sameer Sachdeva. 2003. India: e-Progress in the States. In *E-Government in Asia*, edited by J. S. L. Yong. Singapore: Times Editions.

Rural Poverty Alleviation in India: An Assessment of Public Programs

B.S. Ghuman¹ and Gurpinder Chima²

I. Data and Methodology

This study is based on secondary data. The data have been compiled from various sources such as publications of the Planning Commission of India (1993, 2001, 2002), Census of India, Central Statistical Organisation of India, Reserve Bank of India (1999), and Government of India (2000, 2003, and 2004). After a careful review of the literature on rural poverty (Subbarao 1985; Alhuwalia 1986; Bardhan 1986; Desai 1986; Mellor 1986; Mellor and Desai 1986; Vyas 1986; Hirway 1988; Hirway et.al. 1990; Minhas, Jain, and Tendulkar 1991; Rao 1992; Planning Commission 1993, 2002; Vyas and Sagar 1993; Kannan 1995; Parthasarathy 1995; Dev and Ranade 1997; Dreze and Sen 1999; Vyas and Bhargava 2000; Deaton and Dreze 2002; Srinivasan 2002; Basu 2003; Government of India 2004), it is hypothesized in this study that alleviation of rural poverty depends upon both public policy and socioeconomic factors. The public policy factors include direct poverty alleviation programs, rural housing for the poor, public distribution systems, and loans by regional rural banks. The economic and social variables that influence rural poverty are rural nonfarm employment and rural literacy. With a view to capturing the overall contribution of all the policy variables and also that of other variables relating to the alleviation of rural poverty, multiple regression analysis has been used in this study.

For regression analysis, state-level data covering 14 major states have been used. Regression analysis has been carried out at 2 levels. At level 1, only policy variables are included in the model. The regression results of this level should help to identify the impact of public programs on rural poverty alleviation. At level 2, variables other than policy variables are also included. The results of this model should help to identify the collective role of both policy and nonpolicy variables in rural poverty alleviation.

¹ Professor, Department of Public Administration, Panjab University, Chandigarh, India

² Research Student, Department of Geography, Panjab University, Chandigarh, India.

In addition to regression analysis, statistical techniques such as percentage, means, standard deviation, coefficient of variation (CV), and correlation have also been used to analyze the data.

II. Public Programs For Rural Poverty Alleviation: An Overview

The prominent direct rural poverty alleviation programs in India can be grouped into four categories:

- i) wage employment programs,
- ii) self-employment programs,
- iii) rural housing, and
- iv) public distribution systems.

A. Wage Employment Programs

The federal Government has launched various wage employment programs from time to time. The important wage employment programs include Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Jawahar Gram Samridhi Yojana (JGSY) and Sampoorna Grameen Rozgar Yojana (SGRY). With a view to improving the effectiveness of these programs, from time to time the government has merged programs, restructured them, and also redesignated a couple of them. At present the SGRY is the only major wage employment generation program. It was launched in September 2001, by restructuring the erstwhile Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). It has two streams, namely, EAS/SGRY-I and JRY/JGSY/SGRY-II.

The objective of SGRY is to provide additional wage employment in rural areas as well as maintain food security and create durable community, social, and economic infrastructure. The rural poor who are in need of wage employment and desire to do manual and unskilled work in and around the village/habitat are eligible to get benefits from the SGRY. The scheme aims to generate 100 *crore* (1 billion) man-days of employment in a year. Central and state governments share the cost of each component in the ratio of 75:25 (Government of India 2003, 2004).

With a view to promoting participatory democracy and decentralization, the activities under SGRY are implemented by the Gram Panchayat (village-level democratically elected government). The District Rural Development Agencies (DRDAs)/Zila Parishad (ZPs) (democratically elected bodies at the

district level) release funds directly to the Gram Panchayat. On the basis of the expressed needs of the area/people, the Gram Panchayat formulate the Annual Action Plan and implement activities with the approval of the Gram Sabha, the village assembly consisting of all eligible voters. Overall guidance, coordination, supervision, and periodical reporting are the responsibility of the DRDAs/ZPs.

Table 1 shows a comparative picture of targets and achievements of various wage employment programs. In most cases, the achievements clearly fall short of the targets.

B. Self-Employment Programs

The wage employment generation program mainly supplements the earnings of agricultural labor during lean seasons. However, the extent and nature of unemployment and underemployment in rural India necessitates having programs that aim to create assets for generating self-employment on a sustained basis. With this in view, the Government has introduced a number of programs like the Integrated Rural Development Programme, Training of Rural Youth for Self-Employment, Development of Women and Children in Rural Areas, the Ganga Kalyan Yojana, the Million Wells Scheme, and Supply of Improved Toolkits. Empirical evidence suggested that each program, instead of strengthening other programs through intended linkages, gradually started operating as a separate and independent program and as a consequence, the substantive issue of sustainable income generation was lost in the process (Government of India 2000). Recognizing this inadequacy of self-employment generation programs, the Government decided on 1 April 1999 to launch a new self-employment program, Swarn Jayanti Gram Swarozgar Yojana (SGSY), by merging earlier programs.

The major objective of SGSY was to bring every assisted family or group (self-help group) of rural poor above the poverty line within 3 years through the promotion of self-employment generation opportunities on a sustainable basis. Under this program, preference was given to those activities that generate self-employment in the vulnerable groups among the rural poor like the Scheduled Castes/Scheduled Tribes and women.

The SGSY envisaged providing sustainable income through micro-enterprise development, both land-based and other. For this purpose, effective linkages were established between capacity building of the poor, credit, technology, marketing, and infrastructure.

The SGSY preferred activities to be undertaken through a group approach, with a stipulation that 40% of all self-help groups should be composed

Table 1. Physical Performance of Special Employment and Rural Poverty Alleviation Programs
(millions)

Programs	Year												
	1993-94		1994-95		1995-96		1996-97		1997-98		1998-99		
	T	A	T	A	T	A	T	A	T	A	T	A	
Wage Employment Programs	JRY/JGSY/SGRY - II ^b - Persondays of employment generated	1038.3	1025.8	986.55	951.71	848.01	895.83	414.14	400.63	386.70	395.80	396.66	375.21
	EAS/SGRY- I ^b - Persondays of employment generated	3	4										
Self Employment Programs		a	49.47	a	273.96	a	346.52	a	403.00	a	471.77	a	416.53
	SGSY ^d - total Swarozgaris assisted	-	-	-	-	-	-	-	-	-	-	-	-
	IRDPP	2.57	2.54	2.12	2.22	*	2.09	*	1.92	*	1.71	*	1.66
	TRYSEM	0.35	0.303	0.32	0.28	0.35	0.302	0.29	0.36	0.30	0.25	0.29	0.17
Rural Housing Program	DWCRA	0.011	0.015	0.013	0.038	0.03	0.038	0.03	0.04	0.03	0.03	0.06	0.05
	Membership formed	a	0.27	a	0.59	a	0.69	a	0.58	a	0.46	a	0.50
IAY-Dwelling Units	-	-	-	-	1.15	0.86	1.12	0.80	0.72	0.77	0.99	0.83	

Table 1. Physical Performance of Special Employment and Rural Poverty Alleviation Programs (continued)
(millions)

Programs	Year											
	1999-2000		2000-01		2001-02		2002-03		2003-04			
	T	A	T	A	T	A	T	A	T	A	T	A
Wage Employment Programs	JRY/JGSY/SGRY - II ^b - Persondays of employment generated	a	268.3	a	268.29	a	262.42	a	297.97	a	391.65 ^p	
	EAS/SGRY- I ^c - Persondays of employment generated	409.16	278.6	259.45	218.39	339.19	260.55	a	306.67	a	372.83 ^p	
Self Employment Programs	SGSY ^d - total Swarozgaris assisted	a	0.94	a	1.09	a	0.94	a	0.6	a	0.86	
Rural Housing	IRDPA	-	-	-	-	-	-	-	-	-	-	-
	TRYSEM	-	-	-	-	-	-	-	-	-	-	-
DWCRA	Groups formed	-	-	-	-	-	-	-	-	-	-	-
	Membership	-	-	-	-	-	-	-	-	-	-	-
Program	IAY-Dwelling Units	1.27	0.93	1.24	1.29	1.29	1.17	1.39	1.06	1.48	1.25 ^p	

A = achievements; DWCRA = Development of Women and Children in Rural Areas; IAY = Indira Awas Yojana; JRY = Jawahar Rozgar Yojana; JGSY = Jawahar Gram Samridhi Yojana; SGRY = Swarnajayanti Grameen Rozgar Yojana; EAS = Employment Assurance Scheme; SGSY = Swarn Jayanti Gram Swarozgar Yojana; IRDP = Integrated Rural Development Programme; T = targets; TRYSEM = Training of Rural Youth for Self-Employment; - = data not available.
 Notes: ^a Targets were not fixed. ^b JRY was restructured and renamed Jawahar Gram Samridhi Yojana (JGSY) from April 1999 and after that, JGSY was merged into Swarn Jayanti Grameen Rozgar Yojana (SGRY) with effect from 2001/2002 and is now SGRY II. SGRY is a self-targeting scheme. ^c EAS has been merged into SGRY with effect from 2001/2002 and is now SGRY-I. SGRY is self-targeting scheme. ^d IRDP and its allied programs like TRYSEM, DEGRA, etc. have been merged into SGSY, which was introduced from April 1999.
 Source: Government of India various years.

exclusively of women. The SGSY also preferred activity clusters. Under the activity cluster approach, the Block SGSY Committee identified four to five activities appropriate to the resource base for each block (cluster of villages). This committee for the identification of cluster activities also made use of potential link plans prepared by National Bank for Agriculture and Rural Development, annual credit plans of commercial banks, and surveys carried out by technical organizations. The expertise of officials on local Khadi (a coarse homespun cotton cloth made in India) production and Village Industries and District Industry Centres was also available to the Block SGSY Committee.

The DRDA implemented the SGSY in association with the Panchayati Raj Institutions, particularly the Panchayat Samiti (the second tier of rural democratically elected bodies having headquarters at the block level), the banks, the line departments, and the nongovernment organizations.

Under SGSY, the central and state governments shared the funds in the ratio of 75:25.

Table 1 reveals that except in a couple of years, the targets for self-employment programs also have not been achieved.

C. Rural Housing

The 1991 Census data revealed that around 3.1 million households were without shelter and another 10.31 million households resided in unserviceable *kutcha* (mud) houses (Government of India 2003). In view of the magnitude and severity of the problem, the central Government in 1998 announced a National Housing and Habitat Policy aiming to provide "Housing for All" and also facilitate construction of 2 million additional housing units annually (out of which 1.3 million were to be in rural areas and 0.7 million in urban areas), with an emphasis on extending benefits to the poor and the deprived (Government of India 2003). The major rural housing programs under the Action Plan for Rural Housing are Indira Awaas Yojana (IAY), Credit-Cum-Subsidy Scheme for Rural Housing, Innovative Stream for Rural Housing and Habitat Development, Rural Building Centres, Samgara Awaas Yojana, enhancement of equity contributions by the Ministry of Rural Development to the Housing and Urban Development Corporation, and the National Mission for Rural Housing and Habitat.

IAY is the most important component of the Action Plan. It was launched in 1985–86 aiming to provide dwelling units free of cost to below-poverty-line (BPL) families, subject to the condition that non-Scheduled Caste/Scheduled Tribe families do not receive more than 40% of program allocations

(Government of India 2003; Government of India 2004). Beneficiaries under IAY are selected by the Gram Sabha.

Table 1 shows that targets for rural housing were not fully achieved except during 1997–98 and 2000–2001.

D. Public Distribution Schemes

The major objective of the Public Distribution System (PDS) is to provide food security to the poor by supplying food grains to them at subsidized prices. PDS, started during World War II, is one of the oldest and largest systems of its type in the world and has a network of around 500,000 fair price shops. These shops annually distribute food grains worth Rs300 billion. About 160 million BPL households are the beneficiaries of PDS both in urban and rural India. With a view to plugging the leakages in the PDS and specially targeting the poor, the PDS was revamped under the Target PDS (TPDS) in June 1997. In the new scheme, each poor household is entitled to 25 kgs of food grain per month at prices that are less than half the economic cost. For the poorest of the poor families (i.e., the most vulnerable sector of society), the price charged is less than one fourth the economic cost (Planning Commission 2001). In rural India, the beneficiaries of TPDS include landless agricultural laborers, marginal farmers, and rural artisans/craftsmen such as potters, weavers, blacksmiths, and carpenters.

III. Rural Poverty Across States

The proportion of the BPL rural population at the national level has declined consistently over time (Table 2). In 1973–74, more than half of the rural population (56.44%) was BPL. This percentage has declined to one fourth (27.10%) during 1999–2000. The absolute numbers of the BPL rural population have also declined, from 261.3 million in 1973–74 to 193.2 million in 2000–2001.

A close look at interstate variations in estimates of rural poverty shows that in 1973–74, four states, namely Bihar, Madhya Pradesh, Orissa, and West Bengal, had a high (above 60%) percentage of BPL rural people (Table 3). States such as Kerala, Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka, Andhra Pradesh, Gujarat, and Haryana belonged to the medium level of rural poverty (i.e., 30–60% BPL). Punjab, with 28.21% was the only low rural poverty (below 30%) state.

Table 2. All-India Rural Poverty Estimates

Year	Poverty Lines (Rs monthly per capita)	Poverty Ratio (percentage)	Number of Poor (millions)
1973-74	49.63	56.44	261.3
1977-78	56.84	53.07	264.3
1983-84	89.50	45.65	252.3
1987-88	115.20	39.09	231.9
1993-94	211.30	37.27	244.0
1999-2000	327.56	27.10	193.2

Source: Planning Commission 2002.

After a gap of about 25 years (i.e., in the years 1999–2000), the states of Orissa, Bihar, Madhya Pradesh, and West Bengal remained in the high rural BPL category, i.e., above 30% (Table 3). Uttar Pradesh was the new entry in this category. Maharashtra, Karnataka, and Tamil Nadu were in the medium category (between 15–30%) of poverty states. The low level of poverty (below 15%) was a feature of Rajasthan, Gujarat, Andhra Pradesh, Kerala, Haryana and Punjab. Interestingly Punjab again had the lowest (6.4%) rural population below poverty line.

Table 3. Percentage of Rural Population Below the Poverty line by Selected States

States	1973-74	1977-78	1983-84	1987-88	1993-94	1999-2000
Andhra Pradesh	48.41	38.11	26.53	20.92	15.92	11.2
Bihar 62.99	63.25	64.37	52.63	58.21	44.3	
Gujarat	46.35	41.76	29.80	28.67	22.18	13.2
Haryana	34.23	27.73	20.56	16.22	28.02	8.3
Karnataka	55.14	48.18	36.33	32.82	29.88	17.4
Kerala	59.19	51.48	39.03	29.10	25.76	9.4
Madhya Pradesh	62.66	62.52	48.90	41.92	40.64	37.1
Maharashtra	57.71	63.97	45.23	40.78	37.93	23.7
Orissa	67.28	72.38	67.53	57.64	49.72	48.0
Punjab	28.21	16.37	13.20	12.60	11.95	6.4
Rajasthan	44.76	35.89	33.50	33.21	26.46	13.7
Tamil Nadu	57.43	57.68	53.99	45.80	32.48	20.6
Uttar Pradesh	56.53	47.60	46.45	41.10	42.28	31.2
West Bengal	73.16	68.34	63.05	48.30	40.80	31.9
India	56.44	53.07	45.65	39.09	37.27	27.1

Source: Planning Commission 2002.

The foregoing analysis shows that rural poverty has declined in all the states, but at different rates. This trend has resulted in the perpetuation of interstate disparities in rural poverty. This is confirmed by the notable increase in the value of CV of rural poverty from 22.97% in 1973–1974 to 60.84% in 1999–2000 (Table 4).

Table 4. Mean, Standard Deviation, and Coefficient of Variation of Rural Poverty in India: Selected States

Year	Mean	Standard Deviation	CV
1973–74	53.8607	12.3734	22.97
1977–78	49.6614	16.3345	32.89
1983–84	42.0336	16.6581	39.63
1987–88	35.8364	13.4769	37.61
1993–94	33.0164	12.7901	38.74
1999–2000	22.6000	13.7497	60.84

Source: Computed by the authors.

IV. Assessment of Public Programs for Rural Poverty Alleviation

Rural poverty alleviation is affected by a variety of factors. In the study, as mentioned in the methodology section, the factors affecting the reduction of rural poverty have been classified into two categories. The first set of factors is from the public policy domain. It includes wage employment and self-employment programs, rural housing, credit advanced by regional rural banks (RRBs), and the PDS. The second set of variables has its roots in socioeconomic development and includes the variables of rural nonfarm employment and rural literacy.

In order to investigate the combined role of these variables and also the role of each independent variable in explaining variations in rural poverty for the year 1999–2000, correlation and regression analyses have been carried out by using state-level data. The variables included in the model are given as

- Y the percentage of rural people below the poverty line;
- X1 per capita expenditure on wage employment and self-employment programs for the rural poor (in rupees);
- X2 per capita expenditure on rural housing programs for the rural poor (in rupees);

- X3 per capita monthly supply of rice and wheat for rural BPL people under the PDS (in kilograms [kg]);
 X4 per capita advances by RRBs to the rural poor (in rupees);
 X5 rural nonfarm employment (%);
 X6 rural literacy (%).

The correlation coefficients between rural poverty and other variables are shown in Table 5. All the variables have negative correlation with rural poverty. However, three variables—per capita expenditure on wage employment and self-employment programs, per capita monthly PDS supply of rice and wheat, and per capita advances by RRBs—have very high and significant (1% level) negative correlation with rural poverty. Of the remaining three variables, two—rural nonfarm employment and rural literacy— have low negative correlation with rural poverty, which is significant at the 5% level. The third variable—per capita expenditure on rural housing programs—has a very low negative correlation with rural poverty, which is significant at the 10% level.

Table 5. Correlation Matrix

Variable	Y	X1	X2	X3	X4	X5	X6
Y	1.000						
X1	-.735	1.000					
X2	-.413	.639	1.000				
X3	-.790	.612	.538	1.000			
X4	-.725	.681	.590	.583	1.000		
X5	-.476	.374	.405	.428	.493	1.000	
X6	-.455	.286	.355	.355	.370	.816	1.000

Source: Computed by the authors.

Regression analysis has been used to identify the extent of cause and effect relationships between rural poverty (dependent variable) and independent variables. As mentioned in the methodology, regression analysis has been carried out at two levels. The results of first level of regression analysis having policy variables as follows:

Regression Equation I

$$Y = 47.45 - 0.0491X1 + 0.128X2 - 2.094X3 - 0.005X4$$

(8.385) (-1.716)** (1.622)** (-2.744)* (-1.665)**

$$R^2 = 0.816$$

$$\text{Adjusted } R^2 = 0.734$$

Figures in parentheses are t-values

* Significant at 5% level.

** Significant at 20% level.

Regression Equation I shows that the public policy variables included in the model together explain about 81% of the total variation in the dependent variable (i.e., rural poverty). These results further suggest that three policy variables—per capita expenditure on wage employment generation and self-employment programs, per capita monthly PDS supply of rice and wheat, and per capita advances by RRBs—help in reducing rural poverty. The positive impact on rural poverty reduction of distribution of food grains to the rural poor at subsidized prices is significant at the 5% level. The positive influence on rural poverty reduction of the remaining two policy variables is significant at the 20% level. However, the fourth policy variable—per capita expenditure on rural housing programs—adversely affects rural poverty. The negative impact of this program on rural poverty reduction is significant at the 20% level.

Regression Equation II

$$Y = 40.21 - 0.0447X_1 + 0.134X_2 - 2.451X_3 - 0.004X_4 - 0.239X_5 + 0.290X_6$$

$$(2.510) \quad (-1.386) \quad (1.547)** \quad (-2.234)* \quad (-1.156) \quad (-0.789) \quad (0.608)$$

$$R^2 = 0.831$$

$$\text{Adjusted } R^2 = 0.686$$

Figures in parentheses are t-values

* Significant at 5% level.

** Significant at 20% level.

Regression Equation II reveals that the variables included in the model together explain about 83% of the total variation in the dependent variable (i.e., rural poverty). Four variables—per capita expenditure on wage employment generation and self-employment programs, per capita monthly PDS supply of rice and wheat, per capita advances by RRBs, and rural nonfarm employment—help in reducing the percentage of rural poor. In this model, the positive impact of supply of food grains to the poor at reduced prices under PDS on rural poverty is also significant at the 5% level.

The influence of the remaining three variables, however, is positive but insignificant. The regression results further show that two variables—per capita expenditure on rural housing programs and rural literacy programs—cause increases in rural poverty. The negative impact of rural housing programs on rural poverty reduction is significant at the 20% level. The positive relationship between the rural housing variable and rural poverty reduction is partly due to the leakages of funds given to rural BPL people for the construction of their houses and the identification of the wrong or fake beneficiaries under this scheme (Policy and Development Initiatives 2000; Bhargava and Sharma 2002; Dev and Rao 2002). On the other hand, the positive relationship between rural literacy and rural poverty may be due to skewedness in rural literacy statistics that cover mainly the nonpoor rural population.

V. Conclusions and Policy Recommendations

In India, the proportion of rural BPL people has declined over time. The same trend is noticeable in all the selected states. The pace of decline, however, has varied considerably across states. Kerala has experienced maximum decline (49.79%), whereas Bihar has witnessed minimum decline (18.69%) between the study periods. Though the declining trend is noticeable in most of the states over time, interstate disparities have widened.

Factors such as per capita public expenditure on wage employment and self-employment programs for the rural poor; per capita monthly PDS supply of rice and wheat for rural BPL people, per capita advances by RRBs to the rural poor, and rural nonfarm employment have helped in reducing the percentage of rural poor in the country. In contrast, rural housing schemes and rural literacy programs have adversely affected rural poverty.

From the policy perspective, the study recommends allocation of more public funds for wage employment and self-employment programs and for the PDS. Nonfarm activities should be promoted in the villages to provide employment to the rural poor. The number of rural regional banks should also be increased; this would play an important role in reducing the numbers of the rural poor. The leakages and corruption in housing programs for the rural poor need to be reduced or stopped, with a view to improving their delivery. Introduction of a focused literacy program for the rural poor could also help in mitigating rural poverty in India.

References

- Alhuwalia, Mantek S. 1986. Rural Poverty, Agricultural Production, and Prices: A Reexamination. In *Agricultural Change and Rural Poverty—Variations on a Theme by Dharm Narian*, edited by John W. Mellor and Gunvant M. Desai. Bombay: Oxford University Press.
- Bardhan, Pranab K. 1986. Poverty and “Trickle-Down” in Rural India: A Quantitative Analysis. In *Agricultural Change and Rural Poverty—Variations on a Theme by Dharm Narian*, edited by John W. Mellor and Gunvant M. Desai. Bombay: Oxford University Press.
- Basu, Prahlad K. 2003. Monitoring, Benchmarking and Evaluation for Poverty Alleviation Programmes: The Indian Experience. Paper presented during the U.N. Expert Group meeting on *Governance and Public Administration for Poverty Reduction*. Salvador, Brazil. January.
- Bhargava, P., and R. Sharma. 2002. *Countering Uncertainties Strategies for Sustainable Livelihoods—An Assessment of Impact of Poverty Reduction Programmes on the Poor in Rajasthan*. Jaipur: Institute of Development Studies.
- Desai, Gunvant M. 1986. Trends in Rural Poverty in India: An Interpretation of Dharm Narian. In *Agricultural Change and Rural Poverty—Variations on a Theme by Dharm Narian*, edited by John W. Mellor and Gunvant M. Desai. Bombay: Oxford University Press.
- Deaton, Angus, and Jean Dreze, 2002. Poverty and Inequality in India—A Re-Examination. *Economic and Political Weekly*. 7 September.
- Dev, S. Mahendra, and Ajit Ranade. 1997. Poverty and Public Policy: A Mixed Record. In *India Development Report 1997*, edited by Kirit S. Parikh. Delhi: Oxford University Press.
- , and P. Padmanabha Rao. 2002. *Poverty Alleviation Programmes in Andhra Pradesh—An Assessment*. Hyderabad: Centre for Economic and Social Studies.
- Dreze, Jean, and Amartya Sen. 1999. *The Amartya Sen and Jean Dreze Omnibus—Comprising Poverty and Famines, Hunger and Public Action and India: Economic Development and Social Opportunity*. Delhi: Oxford University Press..
- Government of India. 2000. *Annual Report 1999–2000*. New Delhi: Ministry of Rural Development.
- . 2003. *Annual Report 2002–2003*. New Delhi: Ministry of Rural Development.

- _____. 2004. *Economic Survey 2003–2004*. Economic Division. New Delhi: Ministry of Finance.
- _____. Various Years. *Economic Survey*. Economic Division. New Delhi: Ministry of Finance.
- Hirway, I. 1988. Restaging IRDP. *Economic and Political Weekly*. 25 June.
- _____, P. Rayappa, T. Shah, I. Khanna, N. Raj and S. Acharay. 1990. Report of the Study Group on Anti-Poverty Programmes. In *Report of the National Commission on Rural Labour*. Vol. II. New Delhi.
- Kannan, K. P. 1995. Declining Incidence of Rural Poverty in Kerala. *Economic and Political Weekly*. 14–21 October.
- Kapila, Uma, ed. 2002. *Indian Economy since Independence—A comprehensive and Critical Analysis of the Indian Economy since 1947*. New Delhi: Academic Foundation.
- Mellor, John W. 1986. Determinants of Rural Poverty: the Dynamics of Production, Technology, and Price. In *Agricultural Change and Rural Poverty—Variations on a Theme by Dharm Narian*, edited by John W. Mellor and Gunvant M. Desai. Bombay: Oxford University Press.
- _____, and Gunvant M. Desai, eds. 1986. *Agricultural Change and Rural Poverty—Variations on a Theme by Dharm Narian*. Bombay: Oxford University Press.
- Minhas, B. S., L. R. Jain, and S. D. Tendulkar. 1991. Declining Incidence of Poverty in 1980's. *Economic and Political Weekly*, 6–13 July.
- Parikh, Kirit S., ed. 1997. *India Development Report 1997*. Delhi: Oxford University Press.
- _____, and R. Radhakrishna, eds. 2002. *India Development Report 2002*. New Delhi: Oxford University Press.
- _____, and R. Sudarshan, eds. 1993. *Human Development and Structural Adjustment*. New Delhi: McMillan.
- Parthasarathy, G. 1995. Public Intervention and Rural Poverty—Case of Non-Sustainable Reduction in Andhra Pradesh. *Economic and Political Weekly*, 14–21 October.
- Planning Commission. 1993. *Report of the Expert Group on Estimation of Proportion and Number of Poor*. New Delhi.
- _____. 2001. *Report of the Working Group on Public Distribution System and Food Security for the Tenth Five Year Plan (2002–2007)*. New Delhi.

- _____. 2002. *Tenth Five-Year Plans 2002–2007*. Vol. I, II and III, New Delhi.
- Policy and Development Initiatives. 2000. *Study on Assessment of Poverty Alleviation Schemes in Maharashtra*. Paper submitted to the Planning Commission. New Delhi.
- Rao, C. H. Hanumantha. 1992. Integrating Poverty Alleviation Programmes with Development Strategies. *Economic and Political Weekly*. 28 November.
- Reserve Bank of India. 1999. *Banking Statistics Quarterly Handout* (March), Mumbai.
- Srinivasan, P. V. 2002. Poverty and Agriculture Research. In *India Development Report 2002*, edited by Kirit S. Parikh and R. Radhakrishna. New Delhi: Oxford University Press.
- Subbarao, K. 1985. Regional Variations in Impact of Anti-Poverty Programme: A Review of Evidence. *Economic and Political Weekly*. 26 October.
- Vyas, V.S. 1986. Poverty, Agrarian Structure, and Policy Options: A Note. In *Agricultural Change and Rural Poverty—Variations on a Theme by Dharm Narian*, edited by John W. Mellor and Gunvant M. Desai. Bombay: Oxford University Press.
- _____, and Pradeep Bhargava. 1995. Public Intervention for Poverty Alleviation: An Overview. *Economic and Political Weekly*. 14–21 October. Also in *Indian Economy since Independence—A comprehensive and Critical Analysis of the Indian Economy since 1947*, edited by Uma Kapila. 2002. New Delhi: Academic Foundation.
- _____, and Vidya Sagar. 1993. *Alleviation of Rural Poverty in the States: Lessons for the 1980's*. In *Human Development and Structural Adjustment*, edited by Kirit S. Parikh and R. Sudarshan. New Delhi: McMillan.

Improving Public Service Delivery Through Bureaucracy Reform

AWANG ANWARUDDIN¹

I. The Picture of Public Service Delivery in Indonesia

Public service may be defined as all activities delivered by government to fulfill those needs that society requires to go through life. In practice, the activities of the public service in Indonesia may be described in terms of characteristics and types of public service institutions, patterns of service delivery, performance of public service, and indicators of customer satisfaction.

A. Characteristics of Public Service

As to its functions as a part of government system, the present public service institutions in Indonesia have six characteristics (LAN 2003:15):

- i) they operate on the basis of clear legal conditions;
- ii) they cover a wide area of importance, including the target group of delivery;
- iii) they include both commercial and social functions;
- iv) they demand to be accountable to the public;
- v) their transparency of work performance is questionable; and
- vi) they often become the target of political issues.

The public service institutions in Indonesia are mostly state-owned corporations (*Badan Usaha Milik Negara*–BUMN) or local government-owned corporations (*Badan Usaha Milik Daerah*–BUMD) with a clear legal basis and a target group: for instance, the State Electric Company (*Perusahaan Listrik Negara*-PLN), for electric power, PT Telkom for telephone service, Local Water Supply Company (*Perusahaan Air Minum*-PAM) for water supply, and so forth. In some cases, several institutions carry out both commercial

¹ Vice-Director, Academic Section, National School of Administration (STIA LAN), Bandung, Indonesia.

and social functions: The Train Company Limited (*PT Kereta Api Persero*), for example, has to provide transportation for both the lower and higher levels of society.

All public service institutions, like other government organizations, have to report their performance to the public. In an effort to accelerate the realization of good governance, the Government has drawn up a model performance accountability report designed by the National Institute of Public Administration (Lembaga Administrasi Negara-LAN).

B. Types of Public Service

Based on its delivery products, public service in Indonesia may be divided into three types: i) *administrative service*, including various kinds of formal documents, such as status of citizenship, competency certificate, land certificate, driver's license, and marriage or birth certificates; ii) *goods service*, facilitating various needs, such as distribution of food and meeting daily needs, or installation of telephone, water, or electricity networks; and iii) *facilitating service*, concerning various kinds of public facilities, such as education, health care, the post, and transportation.

C. Patterns of Public Service Delivery

In practice, the implementation of such services comprises three patterns of delivery: i) *functional delivery*, carried out by a specific institution in line with its tasks, functions, and responsibilities, for instance, electricity supply by PLN, telephone distribution by PT Telkom, water supply by PAM; ii) *centralized delivery*, involving authorized institutions, for instance, the Immigration Office for the issuance of passports, the Civil Administration Office for birth certificates, the Religion Office for marriage certificates, etc.; and iii) *combined delivery*, involving several institutions in one place, for instance, the Police Department and local government, for issuance of a car ownership certificate.

D. Performance of Public Service

To meet the increasing demand for better public service performance, the Government is applying the customer-driven paradigm (inspired by Osborne and Gaebler [1992]).² This approach, as suggested by the Government, has the following characteristics:

- i) a focus on the delivery function;
- ii) a focus on the empowerment of society;
- iii) the application of a competitive system;
- iv) a focus on the accomplishment of a vision, mission, goal, and objectives;
- v) prioritization of the needs of society, not merely the wants of political leaders;
- vi) institutional rights, in certain situations, to generate incomes from the service;
- vii) prioritization of efforts to prevent incoming problems for the public service; and
- viii) use of the market system to facilitate the service.

E. Indicators of Customer Satisfaction

To develop a model of public service characterized by the customer-driven approach, the Government drew up the General Guidance for Public Service Implementation, consisting of 15 criteria as follows (Ministry of State Apparatus Reform 2003):

- i) *Simplicity*: the mechanism of public service should be easy, cheap, fast, and convenient, characterized by a simple procedure.
- ii) *Reliability*: the public service should show a sustained consistency of performance, with interdependence maintained between customers and service providers in such matters as accuracy in accounting and data citation and punctuality.
- iii) *Responsibility*: service executors should carry out their duties truthfully, informing the customers when something happens incorrectly.
- iv) *Capability*: service executors should have skills and knowledge necessary to give good service to their customers.

² The customer-driven model is one of ten paradigms on public service delivery offered by David Osborne and Ted Gaebler (1992).

- v) *Closeness to the customer*: service executors should facilitate contacts with their customers, either through direct meetings or via telephone or internet.
- vi) *Kindness and patience*: service executors should be kind and patient when dealing with their customers. This will be very helpful to create friendship with them.
- vii) *Transparency*: customers should be able to access easily any information needed, such as the service procedure, requirements, and time of service accomplishment, cost, and so forth.
- viii) *Communicativeness*: good communication between service executors and their customers should be created truthfully, so any information can be obtained properly using easily understandable language.
- ix) *Credibility*: any public service should be based on truth and honesty in order to maintain the customer's loyalty to the service provider.
- x) *Clarity and certainty*: the procedure, details of service cost and method, and time of accomplishment should be clear and in logical order to assure the customers about the service.
- xi) *Security*: service providers should free their customers from such insecure feelings as danger, risk, and doubt, especially concerning their physical and financial security.
- xii) *Understanding what customers expect*: understanding customer expectation could be initiated by analyzing their specific needs and paying attention to individuals.
- xiii) *Reality*: service providers should build trust with their customers by showing the real evidence or clear signs of their service, such as physical facilities, professional staff, badges, and other supporting facilities
- xiv) *Efficiency*: the service requirements should be limited to those directly concerned with the achievement of the service target, by keeping up the harmonious relationship between the requirements of service and the products.
- xv) *Economic*: maintaining the cost charge in line with the value of the product and the capability of customers to pay the service provided is very important.

The 15 principles above should have been more than enough to realize an ideal model of public service. However, the implementation of the principles depends a lot on the service institutions. They are free to choose any number of the principles that comply with the types, characteristics, and patterns of service delivery. Consideration should also be given to the situation and condition where the public services take place.

II. The Condition of the Bureaucracy in Indonesia

As of the 5th year of the reformation era (1988), the bureaucracy had not shown significant improvement. As noted by Kwik Kian Gie (2003a), indications of the failure might be shown by the higher ratio of corruption, collusion, and nepotism; the inefficiency of central and local government institutions; lowered public service performance, and the weak functioning of monitoring institutions. It is not surprising that in 2003 President Megawati said that “the performance of the bureaucracy is awkward, uncontrollable, and lacking in initiative to carry out the state agenda.” More recently, President Susilo aims to focus on demolishing the practices of corruption, collusion, and nepotism in his 100-day agenda of reformation.

It seems that the function of the bureaucracy as “an institution with a certain position and role in running the government administration of the country” (Mustopadidjaja 2002), or simply as “a means by which government rules” (Kilcullen 1966), has not been carried out optimally. The bureaucracy has not really carried out its main duty to fulfill the needs of society and to empower society so its members are capable of carrying out activities on their own. One of the causes of this unprofessionalism is the disharmony between authority, rights, and responsibilities among the bureaucracies.

On the other hand, the principles of Weberian bureaucracy seem to be in use in the Indonesian bureaucracies. As we all know, Max Weber, the great German sociologist, summed up the principles by which most government institutions were structured:

- Bureaucratic institutions are centralized and hierarchical. “The lower institution is under control of the upper bureaucracy” (Blau and Meyer 2000).
- The professional bureaucrat is then “...only a single cog in an ever-moving mechanism which prescribes to him an essentially fixed route of march” (Osborne and Plastrik 1997).
- Bureaucrats are impersonal, *sine ira et studio*, working without enthusiasm or affection and offering to everyone the same treatment or service, which was “more or less stable, more or less exhaustive” (Weber 1987).
- Staff are chosen on the basis of examinations, not subjective criteria. “Their carrier system was based on seniority or performance, or both” (Kilcullen 1966).

These principles might have worked well in Weber’s day, when the tasks were relatively simple and straightforward, and the environment was

stable. But for the last 20 years it has been coming apart. The world has changed rapidly: the situation is characterized by technological revolution, global economic competition, demassified markets, educated workforces, demanding customers, and severe fiscal constraints. Bureaucracy has become too slow, too unresponsive, and too incapable of changing or innovating (Osborne and Plastrik 1997).

The disharmony between the manner of traditional bureaucracy and a changing world more or less causes the poor performance of government bureaucrats—biased, apathetic, or unmotivated to carry out their tasks and responsibilities. Therefore, strategic and radical efforts should be made to improve the performance of bureaucracy, especially to develop an expected model of public service.

A. The Corruption Issue Within Bureaucracies

Corruption might be defined as “impairment of integrity, virtue, or moral principles characterized by bribery or other unlawful or other improper means” (Merriam-Webster Dictionary, 1977). In simpler words, Klitgaard (1996) states that corruption is “...the misuse of office for unofficial ends, covering bribery, extortion, influence-peddling, nepotism, kickbacks, speed money, collusion and more.” In Indonesia’s term (Law No. 31, [1999]) on the Abolition of Corruption), corruption means “all actions against the law that afflict state finances or economy.”

Corruption started growing in the 1970s, when loans from development partner countries began flowing through this developing country, without any societal control over the governing bureaucracies (Atmasasmita 2003). During this era, the practices of corruption were generally committed by bureaucracies in the central Government, and were mostly unrevealed because the government system was semi-centralized and the policy gave priority to national unity and integrity. Only some sensational cases emerged, such as the case of Pertamina (National Oil Corporation) during the administration of Ibnu Sutowo.

Along with the arrival of globalization, people began critically and bravely revealing various instances of corruption committed by top-level bureaucracies, for instance, the case of General Attorney Andi Ghalib, which was revealed by the nongovernment organization (NGO) *Indonesian Corruption Watch*. The most sensational case was the revelation of corruption, collusion, and nepotism committed by ex-President Suharto together with his family and colleagues. This tragical story finally ended with his retreat from the presidential chair on 21 May 1998.

However, the end of the 32-year Suharto dictatorship does not mean that the cases of corruption have ended as well. On the contrary, since the Government put the local autonomy policy into effect in 2000, corruption simply decentralized all around the country. Corruption is no longer just the perquisite of central bureaucracies, as during the Suharto era, but has spread to local bureaucracies, from the mayors, regents, and governors up to members of Parliament!

As presented in Table 1, the loss of state funds because of corrupt practices might be divided into four categories: *first*, stolen sand, fish, and logs; *second*, various unsubmitted tax receipts; *third*, subsidies to already healthy banks; and *fourth*, the loss of 20% of the national budget (Syafi'i Ma'arif 2003). Kwik Kian Gie (2003b) also revealed the same phenomena as presented in Table 1.

Table 1. Estimated Amount of Corrupted State Finances 2003

Materials Corrupted	Money Value (in US\$) ^a
• Stolen sand, fish, and logs	US\$9 billion
• Various unsubmitted tax receipts	US\$24 billion
• Subsidy to already healthy banks	US\$4 billion
• Loss of 20% of the 2003 national budget of US\$ 37.000.000.000	US\$7.4 billion
Total	US\$ 44.4 000.000.000 > 2003 national budget

Note: ^a The average conversion in 2003 for US\$1 was about Rp10,000.

Source: Kwik Kian Gie 2003b.

Analyzing the figures in Table 1, it is not surprising that Transparency International (TI) recently described Indonesia as being among the most corrupt countries in the world. According to the Corruption Perception Index (CPI) 2004 as reported by TI, Indonesia ranked 133rd among 146 countries surveyed in 2004, included in the fifth group of the most corrupt countries together with Turkmenistan, Tajikistan, Angola, Democratic Republic of Congo, Ivory Coast, and Georgia. In Asia, however, Indonesia ranked third after Bangladesh and Myanmar.

In addition, the results of the *Political and Economic Risk Consultancy 2003* survey and *The World Competitiveness Yearbook 2003* published by the Institute for Management Development (reported in Kwik Kian Gie 2003b)

shows that the performance of the bureaucracy in Indonesia is counted the worst together with those of Viet Nam and India. This shows that, while in fact bureaucratic reform is also needed to realize clean and good governance, the Indonesian Government has not made the agenda of bureaucracy reform its first priority. Several regulations on the suppression of corruption issued by the Government, such as Law No 31 (1999) on the Abolition of Corruption, seem to have had no effect. Therefore, most Indonesians are waiting for better tactics and strategy from the newly-elected President Susilo to abolish corruption from Indonesia, as promised in his 100-day agenda.

B. Institutional and Managerial Problems with Bureaucracy

Apart from the corruption issue, as discussed above, several problems concern themselves with the institution and management of bureaucracy. Bureaucracies in both central and local government are now getting bigger and fatter. In such conditions, bureaucracies become inflexible and slow in anticipating emerging problems. The excessive number of bureaucracies, in most cases, happens because the focus of institution formation is on the institutional framework, neglecting the number and qualifications of personnel, systems of decision making, systems of institutional communication, and the span of control. Such an institutional structure tends to narrow the choice of strategies, or, as the well-known adage puts it, *strategy follows structure*.

The various problems with the institutionalization of bureaucracy can be divided into three categories: i) the overlapping structure of bureaucracies; ii) the vagueness of divisions between government functions and citizen obligations; and iii) the unclear political process of public policy formulation.

Likewise, the management of public bureaucracy also faces several problems, among them i) unclear planning of work and assignments; ii) inappropriate procedures and assignments; iii) poor enforcement of reward and punishment systems; and iv) lack of transparency in bureaucratic work performance that causes insufficient feedback for work improvement.

C. Problems of Human Resources Quality

Another latent problem with bureaucracy is the quality of human resources, which still does not meet expectations. An indication of this condition is the large discrepancy between levels of education and job positions. Bureaucracies are still dominated by high-school-graduate employees. Based on personnel data, out of 3,932,766 employees, the largest proportion (2,330,597 people, or about 60%) are high-school graduates, whereas university graduates comprise only 614,247 people (15.6%) (Kwik Kian Gie 2003b). The great number of high-school-level bureaucrats may directly affect the government's performance. For instance, they tend to be slow and incapable of making innovations that can support their work effectively and efficiently.

Other problems bureaucrats face are the "prosperity apparatus" that directly involves their salary, social insurance, and other living facilities, which are far from satisfactory. The poor levels of pay and other perquisites in the bureaucracy have undoubtedly been a cause of the impairment of integrity, virtue, and moral principles such as corruption, collusion, and nepotism.

Being in the civil service is a career choice. Therefore, it is quite fair for bureaucrats to insist on a proper salary standard commensurate with their work load, responsibilities, qualifications, work performance, tenure, and cost of living. However, the system of bureaucrat salaries does not use the merit approach. As a result, all bureaucrats receive the same amount of salary regardless of their work performance: there is no correlation between the salary policy and productivity level of government bureaucracies.

In fact, the essentials of a remuneration policy should be based on the following principles: i) ability to attract the necessary human resources to join the institution, and at the same time to retain existing qualified employees; and ii) ability to provide rewards for employees with desirable behavior, such as good work performance, integrity, discipline, experience, responsibility, and professionalism.

This unfair situation may in the long term decrease the motivation, work ethos, and discipline of bureaucracies, which will become a great disaster for the institutions: members of the government apparatus will be increasingly pushed to turn elsewhere to fulfill their needs and neglect their main function as civil servants. Finally, they may turn to illegal acts of corruption, collusion, and nepotism, which constitute a pathology in the body of government bureaucracies.

III. Reforming the Bureaucracy

The concept of bureaucracy reform in Indonesia has basically been triggered by some empirical social phenomena. These result from the multidimensional crisis that has the following characteristics:

- i) Economic growth is very slow. It reached 4% in 2003, and the rise in exports was 6% per year (compared with neighboring Thailand, whose economic growth was 6% that year, with a rise in exports of 16%). Another indicator of bureaucratic weakness in the economic field was the low value of money, although the inflation level was pushed down to 4.5% by the end of 2003 (Sadli 2004).
- ii) The weakness of the bureaucracy could also be seen from its incapacity to handle social affairs in the past 4 years. The unemployment rate increased to 11 million people by the end of 2003, which then affected the rise of criminality and other social problems (*Tempo Magazine* 2004).
- iii) The neutrality of the bureaucracy is threatened because of the pressure of political leaders. This situation contributes to the unfairness and poor distribution of public service, which tends to fertilize the practices of corruption, collusion, and nepotism (Thoha 2003).
- iv) The capacity of the bureaucracy to bring good governance to fruition is also questionable. Good governance has become the Government's choice for achieving a civil society, especially to facilitate the growth of mutual collaboration among the government, private sector, and society. The typical society expected is religious, civilized, democratic, prosperous, and tolerant within a pluralistic society (Syamsul Ma'arif 2003).
- v) Worst of all, as far as society is concerned, is the low performance of public service by both the central and local governments. Indicators of such ineffective conditions of public service have been described by Gajah Mada University's Center for Population Study (2003) as follows:
 - uncertain time, cost, and procedures of service;
 - unfair service caused by political, ethnic, religious, or personal relationships;
 - a long process to obtain legal documents such as a passport or driver's license, which causes bribery and corruption;
 - distribution of authority to legalize a single document;

- a culture of service oriented to the needs of authority instead of society; and
- service not based on the principle of trust, where the applied operational standard is meant to control the customer behavior instead of facilitating the service.

Such empirical phenomena appear in various social settings. This shows that the bureaucratic patterns developed in the public sector make it ineffective. The concept of traditional bureaucracy, characterized by centralized and hierarchical institutions, rigid work standards, and impersonal and uncreative staff, does not seem appropriate anymore, especially in this competitive era.

After observing the conditions of public service, and discussing various issues, we conclude that to improve the bureaucracy performance, a reform should be carried out. The reform is also of importance to regain the people's trust in government, which has been decreasing due to the multidimensional crisis.

However, in line with the context of this discussion, the area of reform is limited to the components of public service implementation, covering the institution, management, human resources, and service culture of the bureaucracy.

A. Restructuring the Public Service as an Institution

Reforming the public service institution means restructuring its components. This includes aspects of service policy and optimization, operational cooperation, work system and procedures, and delegation of authority. The actions to be taken include the following:

- i) reformulating the definition of public service as an institution, including its vision, mission, strategy, goal, and objectives, as well as the standard operating procedure;
- ii) auditing the public service, at both the central and local levels, to find out the intensity of institutional needs regarding the main tasks and functions of public service;
- iii) slimming and restructuring the public service to best carry out the results of the institutional auditing;
- iv) targeting the public service orientation to customer needs by developing a *customer satisfaction index*, supported by the modernization of the public administration system through the optimal use of information technology; and

- v) empowering society through cooperatives and NGOs so that the implementation of public service is more competitive, the performance improves, and customers may choose better public service as they like.

B. Restructuring Personnel Management

Management has a dominant role in efforts to improve employee performance. The changes to be carried out mainly affect internal personnel policy, as follows:

- i) reformulating the systems of personnel recruitment, promotion, and layoffs in accordance with employees' competence and work performance;
- ii) presenting rewards to the best performing employees and reinforcing appropriate punishments to those who consistently show bad behavior;
- iii) formulating a standard of public service characterized by fast, accurate, simple, low-cost, safe, and transparent service for all levels of customers;
- iv) formulating a system of performance measurement on the basis of outputs as well as outcomes, in line with the institutional vision, mission, goal, and objectives; and
- v) empowering the competent employees so that they are able to bring creativity and innovation to the best achievement of the institutional goals.

C. Reformulating Human Resources Policy

Human resources constitute the best asset of the public service institution. Therefore, the policy of performance development and employee prosperity should be emphasized, especially including the following efforts:

- i) improving employee prosperity, i.e., restructuring the remuneration system based on employees' work performance, and consistent implementation of a reward and punishment system;
- ii) improving employee integrity, especially building attitudes and behavior oriented to the spirit of fulfilling the public needs, as well as the objectivity and neutrality of public service; and
- iii) improving employee competence and professionalism through appropriate training programs, so that employees perform at their best and can solve any service problems.

D. Building Service Culture

Service culture is a crucial component of effective public service performance. Therefore, any public service institution should prioritize the building of a service culture through the following efforts:

- i) change the slow, uncertain, overlapping, high-cost, closed service culture into a fast, certain, simple, low-cost, transparent one;
- ii) develop the service ethic by building good habits, such as patience, empathy, caring, friendliness, and interactive service to society;
- iii) develop resistance to the corruption, collusion, and nepotism that may ruin a bureaucrat's career and inflict a financial loss upon the society, institution, and country;
- iv) develop high integrity in the work and institution through commitment and cooperation building among public service employees; and
- v) build a competitive but fair culture among employees in order to develop a healthy competition among them, which will produce higher work performance.

IV. The Agenda

Awareness of the need to improve the public service was triggered in 2003 by President Megawati, who called bureaucracies “rubbish.” The Minister of State Apparatus Reform acted to publish the General Guidance of Public Service. Alas, the guidance has not been applied well by most public service institutions because of—among other things—poor internalization and socialization.

In fact, improving public service is a complex and controversial effort, especially in Indonesia. This is reasonable given the thousands of institutions and bureaucracies with different types and characteristics, in both local and central levels of government. Therefore, the reform should be implemented thoroughly in successive stages.

A. Preliminary Stage

Commitment from the top leaders of the bureaucracy is required at this stage, and the involvement of experts is strongly recommended, especially to identify weaknesses in public service bureaucratic practices.

The result is essential for the formulation of a strategic plan. Camden (1976) divides this stage into the following assumptions:

- i) the Government should be aware of the importance of improving public service, and explicitly announce its intention to implement effective reforms;
- ii) the Government should appoint experts in the field of public service to identify weaknesses existing in public service bureaucratic practices;
- iii) the experts, supported by the Government, should publish and distribute their findings; and
- iv) the experts should formulate a strategic plan to implement the reforms.

B. Implementation Stage

Mersman and Von Harder (2002) suggest the following strategic factors to be considered in the implementation of public service improvement:

- i) installing awareness of the importance of improving public service in all components of the bureaucracy;
- ii) providing funding and nonmaterial support from all governance components—government, private sector, and general society—to carry out the implementation;
- iii) building commitment from all governance components to carry out the implementation together; and
- iv) maintaining a constant commitment through to the end of the implementation.

C. Evaluation Stage

The end of implementation means the beginning of the evaluation process. In this stage, the following parties are involved:

- i) The experts formulate the values that are to be indicators of the evaluation standards. For instance, Reichheld (1994) proposes three dimensions of public service achievement: performance to the customer, employee capability, and costs and productivity.

- ii) The top government leader, as Fogleman (2002) suggests, should be definite, fair, and consistent in the standards of evaluation formulated.
- iii) The government evaluator institution executes the evaluation definitely and fairly.
- iv) The society, via legislative institutions and NGOs as stakeholders, gets access to a share in the evaluation of the new public service performance.

Hence, the improvement of public service should be implemented incrementally. Rush and radical steps in carrying out such massive and complicated work, without careful planning and systematic implementation, will not be effective. The pathology in the bureaucracy's body has been so chronic that the improvement of public service needs the hard work and involvement of all governant components.

Taking radical steps without identifying the weaknesses of public service practices, and without careful and thorough planning and preparation, will not be effective. The pathology within the bureaucratic body has been chronic, complicated, and culturized.

V. Summary

The crisis of public service in Indonesia has spread out to almost all sectors. The poor level of public service performance suffered by customers is mainly indicated by sluggish service processes and excessive service cost. Various public policies have been undertaken to improve public service performance, but no significant improvement is perceptible.

Such conditions are a sign for the Government to find a strategic solution to improve the public service. If analyzed deeply, the main problem lies in the weak performance of bureaucraies as the executors of services. In this context, several illegal practices can be identified, such as uncertain service time, cost, and procedures; unfair service; long-table administrative service; deceptive service orientation; service based on distrust instead of trust; misimplementation of operational standards; and distribution of authority to legalize a single document.

Reforming the public service bureaucracy, therefore, is crucial, especially to meet customer expectations. This mainly includes the bureaucratic institution, management, human resources, and service culture. Since reform is difficult and complicated work, the reforms should be implemented incrementally, following planned stages.

Thus, bureaucracy must be reformed so as to fulfil the needs of society. The improvement mainly covers the institution, management, human resources, and culture of public service. Since the reform is complicated and massive, however, it should be carried out incrementally, following the well-planned steps. All governance components should also be involved to reach the goal, as it is very crucial both to improve the performance of public service and to regain the decreasing trust of people in government due to the unending multidimensional crisis.

References

- Atmasasmita, Romli. 2003. Konvensi Pemberantasan Korupsi. *Tempo Magazine* (Jakarta). 14 December.
- Blau, Peter M., and Marshall W. Meyer. 2000. *Bureaucracy in Modern Society* (transl.). Jakarta: Prestasi Pustakakarya.
- Caiden, Gerald E. 1976. Implementation—The Achilles Heel of Administrative Reform. In *The Management of Change in Government*, edited by Arne F. Leemans. The Hague: Martinus Nijhoff.
- Fogleman, Robert R. 2002. Leadership in the Change Era. In *New Paradigm of Leadership* (transl.), edited by Ken Shelton. Jakarta: Elex Media Komputindo.
- Centre for Population Study, Gajah Mada University. 2003. Characteristics of Societal Unsatisfactory towards Public Service. In *Penyaseman Standar Pelayanan Prima*. Djakarta: Lembaga Administrasi Negara.
- Kilcullen, R. J. 1966. *Max Weber: On Bureacracy*. New York: Macquire University.
- Klitgaard, Robert. 1996. Introductory Remarks on Combating Corruption. A paper presented at the International Conference on Governance Institutions, Manila, 20–23 October.
- Kwik Kian Gie. 2003a. *Reformasi Birokrasi Dalam Mengefektifkan Kinerja Pegawai Pemerintahan*. Jakarta: Bappenas.
- . 2003b. Report on Corruption Abolition. *Kompas*. 9 December.
- LAN (Lembaga Administrasi Negara). 2003. *Penyusunan Standar Pelayanan Prima* (Structure of Public Service Standard). Jakarta.
- Merriam-Webster. 1977. *Webster's New Collegiate Dictionary*. USA: G & C Merriam Co.
- Mersmann, Gerhard, and Gero von Harder. 2002. *Change Management*. Jakarta: Lembaga Administrasi Negara.
- Minister of State Apparatus Reform, Letter of Decision No. 63/2003. the *General Guidance for Public Service Implementation*, Jakarta: Ministry of State Apparatus Reform 2003.
- Mustopadidjaja A. R. 2002 Bureaucracy and Development of Reform. In *Change Management*, edited by Gerhard Mersmann and Gero von Harder. Jakarta: Lembaga Administrasi Negara.

- Osborne, David, and Peter Plastrik. 1997. *Banishing Bureaucracy*. Reading, MA: Addison-Wesley Publishing Company.
- , and Ted Gaebler. 1992. *Reinventing Government*. Reading, MA: A Plume Book.
- Reichheld, Frederick F. 1994. Measuring Change & Changing Measures. In *The Change Management Handbook*, edited by Lance A. Berger, Martin J. Sikora, and Dorothy R. Berger: Chicago: Richard D. Irwin, Inc.
- Sadli, M. 2003. CeraH 2004. *Tempo Magazine* (Jakarta):. 29 December: 94–95.
- Syafi'i Ma'arif, A. 2003. Republik Ini Bisa Berantakan. *Tempo Magazine* (Jakarta). 29 December.
- Syamsul Maarif, M. 2003. *Strategi Peningkatan Kompetensi Aparatur* (Academic Speech on Graduation). XXII. Bandung: STIA LAN.
- Thoha, Miftah. 2003. *Birokrasi dan Politik di Indonesia*. Jakarta: PT Raja Grafindo Perkasa.
- TI (Transparency International). 2005. *Corruption Perceptions Index 2004*. Berlin, Germany.
- Weber, Max. 1987. Bureaucracy. In *Classics of Public Administration*, edited by Jay M. Shafritz and Albert C. Hyde. Pacific Grove, California: Brooks/Cole Publishing Company.

Mutually Reinforcing Cycles of Public Service Delivery and the Poverty Reduction Program: Lessons from the Implementation of Social Safety Net Program in Indonesia

Djonet Santoso¹

I. Introduction

The economic crisis in Indonesia since 1997 has significantly increased the amount of poverty in Indonesia. The problem began with the weakening of its currency rate compared to the United States (US) dollar, quickly spread, and became an economic crisis. Indonesia's economic foundation isn't strong enough to resist that external pressure. Weak production sectors, lots of monopolized sectors, and the low capacity of the economic actors to respond quickly to the crisis are among the conditions that inflicted on Indonesia the biggest wound in the Southeast Asian crisis. Lots of enterprises went bankrupt, closing down their activities and firing their workers. This condition was worsened by special natural complications in 1997. The El Niño phenomenon caused a bad drought in several sections of the country, which was named the worst dry season in 50 years. The dry season caused reductions in national food production and threatened famine in some places.

Because of all that, unemployment became inevitable, in the city and the rural areas. The buying power of society fell to such a state that they faced difficulties in obtaining necessities in food, clothing, housing, and access to education and health care services. The numbers of those living below the poverty line underwent a drastic increase, reaching 38 million or 25% of Indonesia's population. The quality of education and health care also fell, due to a sharp increase in prices.

The social safety net program, which was created by the Government of Indonesia in early 1998, was intended to help those who were newly poor due to the crisis as well as the traditionally poor. The program included ensuring the availability of food at affordable prices, supplementing purchasing power

¹ Lecturer, Department of Public Affairs, Faculty of Social and Political Sciences, University of Bengkulu, Indonesia.

through employment creation, and preserving access to critical social services, particularly health care and schooling. This study reveals that in many cases, the effectiveness of the program varied across regions. What accounts for these differences? This paper aims to discuss effective public service delivery in Indonesia, using the example of the implementation of the social safety net program. Some constructive suggestions will be developed to optimize the effectiveness of the ongoing program.

II. The Social Safety Net Program

In response to the prolonged economic crisis, the Government launched the Social Safety Net (SSN) Program targeted to the poor family (see Frankenberg, Thomas, and Beggle 1999; Papanek and Handoko 1999; and Sutanto 1999). The main objectives of the SSN program include i) providing sufficient food at a cost poor people can afford; ii) creating productive work for poor people that can increase their income and purchasing power; iii) providing health care and education services that poor people can afford; and iv) reviving the economic activities of the society. The program was short-term and intended to assist the traditionally poor and the newly poor suffering from the crisis. The program was implemented through various subprograms encompassing food security, employment creation, education, and health care.

The food security program was the most critical component of the SSN program (Table 1). The purpose of the program was to assist the poor to fulfill their basic needs for food, which may have been hindered by the decrease of their purchasing power. The main activity in this program is

Table 1. Social Safety Net Programs

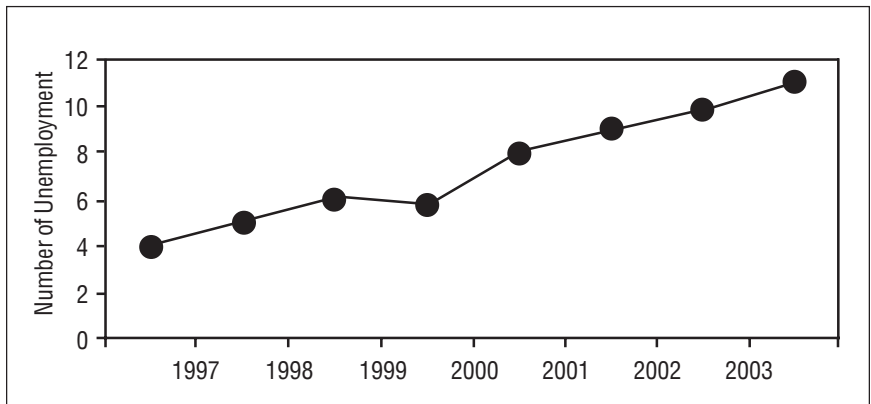
Food security Program	Employment Creation Program	Education Program	Health Care Program
<ul style="list-style-type: none"> • Rice subsidy 	<ul style="list-style-type: none"> • Labor-intensive projects • Block grants for people initiative (self-help) projects • Block grants for poor caused by long drought 	<ul style="list-style-type: none"> • Block grants to keep schools operational (primary to high school) • Scholarships for students from poor families 	<ul style="list-style-type: none"> • Medicine subsidy • Health center operational support funds • Food supplements

Source: Research results 2004.

providing cheap rice. Under this program, each eligible household is allowed to purchase 20 kilograms (kg) of rice per month at a highly subsidized price of 1,000 rupiah (Rp) per kg compared to the market price of Rp3,500 per kilogram (Rahayu et al. 1998). The value of the currency decreased dramatically from Rp7,000 to US\$1 before the crisis to Rp18,000 in 1997, and leveled off to Rp9,000 in 2004. Only households in the lowest category of official poverty classifications were eligible to participate in the program.

The crisis produced a significant increase in the numbers of unemployed, from 4 million in 1997 to 6 million in 2000, and this figure continued to increase to 11 million in 2004 (see Figure 1). The employment creation program was established as a response to the threat of burgeoning unemployment, especially in urban areas. The program included redesigning some ongoing projects into labor-intensive projects, block grants for people initiative projects (self-help, entrepreneurial, and small business development), and special labor-intensive work. Ferreira, Prennushi, and Ravallion (1999) consider a workfare program as a key element of a public safety net to mitigate the risks of loss of income during a crisis. Because the program was created to help the poor, the jobs have to go to the poor (Suryahadi, Suharso, and Sumarto 1999). The program should be available only for those who are already unemployed. The wage level is therefore critical for achieving properly targeted employment outcomes. Only those who have relatively low incomes can apply, so that as many people as possible can be employed (see Ferreira, Prennushi, and Ravallion 1999)

Figure 1. Numbers of Unemployed in Indonesia, 1997–2004
(million people)



Source: KOMPAS 2004.

The education program was established as a response to the increase in school dropout rates. The program has two components: a block grant to help all schools to maintain their education activities and scholarships for students from poor families. The program is intended to reach at most 6% of primary school students, 17% of junior secondary, and 10% of senior secondary.

Falling real income and increasingly expensive medical services caused a deterioration in people's health. The health care program aimed to provide free medical service for the poor and includes medicine subsidies, support funds for the daily operational costs of health centers, and food supplements for pregnant women and children under 5 years.

To ensure that SSN was acceptable and understandable, the Government created some operation units that cover i) information distribution through the Center for Information to popularize the program; ii) a social consultation unit to solve problems and answer questions that might occur to people during the implementation of the program; and iii) a district-level dialogue forum consisting of representatives of local institutions to increase social participation.

III. Effectiveness of the Program

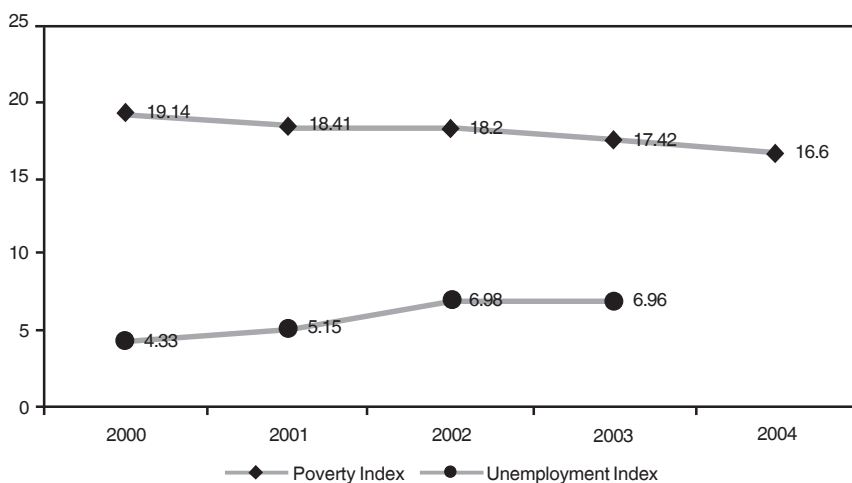
The program was intended to assist the traditionally as well as the newly poor. The intended beneficiaries of the program were the needy who might not be able to cope with the impact of the crisis without outside assistance. This implies that the effectiveness of the program can be measured by its coverage of the poor and the amount of program benefits that went to the poor. This study aims to evaluate the effectiveness of the program through analyzing some program reports. These reveal that in many cases, the program largely missed the targeted groups, because of inadequate coverage and because it was only loosely targeted in practice (Suryahadi, Suharso, and Sumarto 1999). Some regions experienced effective program implementation, while in others, the Government was less effective in implementing the program. The variability raises some interesting questions. Why did some districts appear to be much better at implementing the program than others? What variables contribute to these differences? Is it political will? Or, is it administrative capacity on the part of the central as well as local government to deliver the services?

It is a fact that the proportion of poor people in Indonesia had been declining before the crisis: the trends in poverty reduction had been positive. While this success varied among the districts, the change was significant at the macro level. In 2000–2004, poverty has been declining (Figure 2). As of

February 2004, about 16.6%. or about 36.1 million people, were regarded as poor. In 2000; the proportion of the poor was 19.14%, decreasing to 18.41% in 2001, 18.2% in 2002, and 17.42% in 2003. However, success in poverty reduction has not meant success in reducing the numbers of unemployed. The proportion of the unemployed increased from 4.33% in 2000 to 6.96% in 2003.

A study of the implementation of the Rice Subsidy Program was conducted in mid-2004. Using the systematic circular random sampling method, five provinces in the southern part of Sumatra were selected: West Sumatra, South Sumatra, Lampung, Jambi, and Bengkulu. Within each province, one district was selected; within each selected district, two subdistricts were chosen. One village was taken as a sample in each selected subdistrict. The number of respondents for each village was 25 families, selected from the list of poor families. The total number of respondents was 250 people. From the study, which covered the period up to November 2003, it was learned that 89.2% of the respondents received subsidized rice; the percentage had decreased to 76.2% by February 2004. Using the 95% confidence interval, it can be concluded that the proportion of families receiving subsidized rice in November 2003 was between 75.3% and 85.1%. Applying same method, the proportion for February 2004 was between 70.9% and 81.4%. Two-sided hypothesis testing for November 2003 using the 95% confidence interval showed that the hypothesis “the proportion of families receiving subsidized rice was 80%”

Figure 2: Poverty and Unemployment in Indonesia, 2000–2004



Source: KOMPAS 2004.

can be accepted. For February 2004, the same hypothesis also confirmed that 80% of respondents received the rice.

Respondents receiving subsidized rice were also asked how many kilograms of rice they received. The study found that in both 2003 or in 2004, 93.1% of respondents did *not* receive 20 kg of rice as stated in the policy. About 3.5% of respondents stated that they did receive 20 kg and another 3.5% stated that they received less than 10 kg. This is because of differences in local conditions and local administration. For example, the distribution of the rice was unpredictable: it could have come early in the month or in mid-month. Consequently, it frequently happened that some families had no money at the time the subsidized rice was distributed, or local people demanded that the rice be distributed equally, regardless whether one's name was on the list. In response to those demands, local officers distributed the rice equally. The success and the weaknesses of some aspects of the program are summarized in Table 2.

As with the food security program, some weaknesses were also found in the implementation of the employment creation program, education program, and health care program. Most of the SSN program was reported to be successful. The success of the programs was brought about by good coordination among the parties and good performance. However, many weaknesses were observed in the implementation of the programs. Some evidence has emerged of targeting error and leakage or misused funds. Accordingly, the study reveals that the administrative capacity and capability is the most significant factor, rather than the political will of either the central or local government. The SSN policy can be highlighted to indicate the government commitment to reducing the impact of the crisis on the poor. In order to realize the commitment, the government spent millions of dollars since the beginning of the program and developed some critical and supporting policies to reduce poverty. Even though the poverty index has been declining, the government has made a commitment to minimize the number of the poor by enlarging short-term programs and developing a long-term program as well. Many reported problems, such as weaknesses in program publicity, missed targets, weaknesses in program control, monitoring and program transparency, and inefficiency, indicate low administrative capacity and capability of administrators at the implementation level. This low administrative capacity and capability is constraining the government commitment to reduce poverty. Indeed, even though the program has successfully decreased the poverty index, it is not as effective as expected. The numbers of the poor might be decreasing, but the quality of life of the people is still not improving.

Table 2. Summary of the Success of Program Distribution, Program Target, Targeting Error, and Leakage of the Implementation of the Social Safety Net

Subprogram	Success of Program Distribution	Target	Targeting Error	Leakage
1 Rice Subsidy	Effective coordination between logistic Distribution Body (Dolog) and interrelated departmental office	<ul style="list-style-type: none"> a. The subsidy should provide 32.6% of monthly rice needed per family. b. The family can save 22.2% of its food budget. 	<ul style="list-style-type: none"> a. About 23.2% was received by unregistered families. b. Rice was distributed in areas where rice is not the people's main food. 	<ul style="list-style-type: none"> a. Operational cost too high b. Low rice quality
2 Block grants for labor-intensive Projects	Good performance by implementing bodies such as foundations, NGOs, cooperatives, or even universities	<ul style="list-style-type: none"> a. About 92% was distributed as goods and financial assistance. b. No significant result for widening job opportunity 	<ul style="list-style-type: none"> a. About 24–29% targeting error b. Housewives and labor 	About 54% was misused by the implementing body, quality and quantity of the distributed goods.
3. Block grants for poor caused by long drought	Good performance of the provincial and district office of manpower	<ul style="list-style-type: none"> a. The contribution of the program to the family income was about 23%. b. Local infrastructure was improved. c. People's morale was also improved. 	<ul style="list-style-type: none"> a. Only about 15% of the recipients were really poor. b. Only about 17% of the recipients were really poor because of the long drought. 	About 7% was misused.

Table 2. Summary of the Success of Program Distribution, Program Target, Targeting Error, and Leakage of the Implementation of the Social Safety Net (continued)

Subprogram	Success of Program Distribution	Target	Targeting Error	Leakage
4. Block grants for school operation (primary to high school)	Good performance of District and Sub-District Committee in identifying schools eligible for this scheme	<ul style="list-style-type: none"> a. Obtain books and supporting materials b. Keep up school practicum activities 	<p>Official terms and conditions for recipients did not match with facts on the ground. District and Subdistrict Committees had difficulty applying the official terms and conditions due to differences of perspective.</p> <ul style="list-style-type: none"> a. 60% targeting error b. The money was not directly received by the students. Official terms and conditions for recipients did not match with facts on the ground. 	<ul style="list-style-type: none"> a. Grant distributions were sometimes misused; b. The budget for monitoring and evaluation at District and Subdistrict Committee level was misused.
5. Scholarships for poor primary to high school students	Good performance of District and Subdistrict Committee in identifying poor students for this scheme.	Opportunity to continue their formal education	<ul style="list-style-type: none"> a. 60% targeting error b. The money was not directly received by the students. Official terms and conditions for recipients did not match with facts on the ground. 	School Committee misused about 10–15%
6. Health care program	Good performance of the provincial and district health office, hospital, and local hospital	Opportunity to improve people quality of health	About 35% targeting error	Only about 65% of poor people were covered by the program

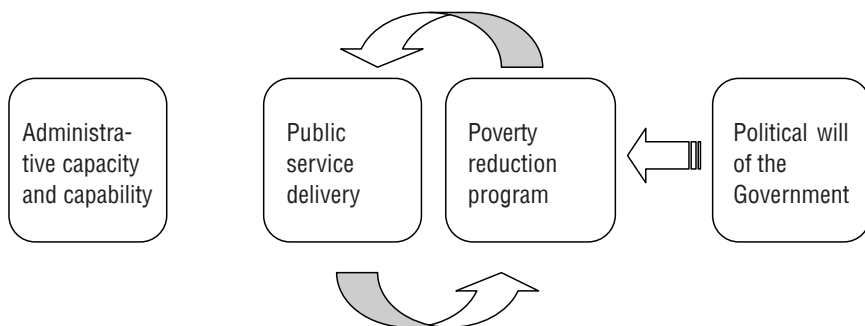
Source: Research results 2004.

IV. Mutually Reinforcing Cycle

The effectiveness of public service delivery on the poverty reduction program has the effect of a mutually reinforcing cycle (Figure 3).

The figure shows that the poverty reduction program and public service delivery mutually reinforce each other. The program will not work if public service delivery does not deliver significant support. The success of the program indicates the effectiveness of the service. The quality of the service to a great extent depends on the administrative capacity and the capability of the central as well as the local government. The dissemination of information about the programs needs to be improved. Eligibility criteria also need to be refined. Lastly, the program between the central and local government has to be more transparent. From the other side, the poverty reduction programs are closely related to the political will of the Government to reduce the numbers of the poor.

Figure 3. The Reinforcing Cycle of Public Service Delivery and Poverty Reduction Programs





Source: Author's Research.

The SSN program has been a short-term program. To have a more significant impact on poverty reduction, it should be consistently integrated into medium- as well as long-term programs. The Government could implement the three pillars of the strategic framework introduced by the Asian Development Bank (2004), namely, pro-poor sustainable economic growth, good governance, and social development. Table 4 depicts the way in which the pillars could influence the overall program.

The Government should promote good governance through the way in which it processes projects, as well as through specific governance-related

initiatives. Procedures for identifying and designing projects will help empower the poor and civil organizations that represent them. All dealings with public sector entities will be through transparent procedures that ensure full disclosure of information. This will also require effective stakeholder participation to establish the priorities and targets for poverty reduction and to help direct project identification and design. Specific projects will seek to improve public expenditure management at central and local levels, increase government accountability through fiscal decentralization and local empowerment, and develop effective regulation of financial markets and public utilities. Good governance will have an interrelation with social development and sustainable economic growth. Sound pro-poor sustainable economic growth will be effectively implemented by a good governance which is positively supported by highly social initiatives.

Table 3. Matrix for Poverty Reduction

Strategic Pillars	Interventions		
	Short term	Medium Term	Long Term
Pro-Poor Sustainable Economic Growth		Private Sector Development	
		Regional Cooperation	
 Good Governance	Agriculture and Rural Development Environment and Natural Resource Management Transport, Communications, Energy, and Finance		
		Public Expenditure Management and Administration	
 Social Development		Decentralization (Devolution)	
	Stakeholders Participation Social Protection		
		Health and Education	
		Water Supply and Urban Development	

Source: Adapted from ADB 1999.

The contribution of the private sector to poverty reduction should be enhanced through enterprise development, expansion of infrastructure and other public services, and improvement of corporate governance and responsibility. Private operators could be enabled to increase their participation in providing infrastructure and public services and in projects

targeting the poor. Since some regional disparities occur in the effectiveness of the poverty reduction program, the Government should introduce a conducive and mutual cooperation, not only between the central and local levels, but more importantly in the local-to-local area. The sharing of ideas, experience, skills, strategies, and information among the regions will generate local administrative capacity to improve the effectiveness of their public service delivery.

Most of the poor live in rural areas and their quality of life lags behind that in urban areas. Sustained economic growth in rural areas is likely to have a much greater impact on job creation than equivalent urban growth. The Government, accordingly, should give greater emphasis to agricultural and rural development. Significantly, the Government should also give greater attention to the social, environmental, and institutional factors necessary to enhance efficiency and productivity in all areas of agricultural production and associated nonfarm activities. Nonfarm enterprises are of increasing importance in the survival of the rural poor, particularly women. Priority could be given to these enterprises and to expanding the very limited coverage and accessibility of microfinance.

For the rural poor, governance must be especially effective and responsive, since the support of government institutions is vital in poverty reduction programs. Accordingly, the Government should expand the social capital of the poor and ensure accountability of public institutions, including community-based organizations, people's organizations, and cooperatives. At the same time, the Government should strive to increase the capacity of local governments to take a more effective role in rural poverty reduction.

The natural environment is of crucial importance to the poor, because so many of them depend for their survival on a fragile, and usually dwindling, resource base. For the medium and long-term program of poverty reduction, the Government should address the critical issue of sustainable resource management. This will entail special emphasis on the rights and responsibilities of indigenous peoples. In turn, this may require support for tenurial rights and traditions and for moving from government control to comanagement by government and the people who depend on the resources (ADB 2004, Santoso 2004).

For programs of all durations, the Government should increase its support for human capital development, since such investments are frequently the most effective way of breaking the cycle of intergenerational poverty. Such a policy and mechanisms should be arranged to ensure that the poor, especially women, have access to essential social services. Through access to quality basic education and primary health care, the poor will progressively increase their chances of successfully employing their main asset—labor. Improving social

protection will reduce risks and indebtedness that otherwise entrap the poor in a vicious circle of poverty.

Although some recent macroeconomic indicators have shown that the Indonesian economy is going in a good direction, the negative effects from the crisis in 1997 have not yet been fully overcome, especially those affecting poor people. The Government realizes that the administration of the SSN program has had a lot of weaknesses. Because of that, some improvements are urgently needed, be they substantive (accuracy in determining target groups, fixed geographical allocations, increased participation by women, and integration of the program) or in the area of administration/protection. Administrative capacity and capability should be improved in the near future to improve the effectiveness of public service delivery.

To do so, the Government should implement the following strategies:

1. Governments and nongovernment organizations should consult one another to discuss the past and the future of SSN programs.
2. The program should be improved based on inputs and past experience and should be perfected to protect SSN programs so that they accurately identify program targets and beneficiaries. The improvements are grouped into five points:
 - (a) increase the quality and coverage of distribution of information about the program;
 - (b) develop a more effective mechanism for consulting with individuals;
 - (c) use a regular report system to achieve the target;
 - (d) conduct independent verification for program reporting; and
 - (e) increase public participation in every program.
3. Improve the transparency of information reaching people about the program. To achieve that goal, every program administrator should be obligated to provide information through media, both print and electronic. Aside from that, a National Center of Information for SSN should be formed at central, provincial, and city levels to ensure that every element in society can easily access accurate information on the SSN program.
4. Conduct an effective and efficient public consultation.
5. Make regular reports to mark the progress of a program or a project.

6. Enlist public participation to ensure that the SSN program has a maximum effect on poverty reduction and to step out of the hard situation because of the economic crisis. The public should participate in planning, implementing, and supervising the program.
7. Improve the substance of the program by improving the accuracy of data on targeted groups, repair the geographic allocations, integrate program administration, and increase participation of women in implementing the program.

V. Conclusion

The SSN Program was designed to minimize the impact of the economic crisis. Accordingly, it needs to be managed through some of the following basic principles: i) transparency in its management; ii) speed in fulfilling its objective; iii) directness and accuracy in getting to the targeted poor; iv) accountability; and v) participation and potential for continuity. In response to the strong demand for reform, the Government is obliged to work more transparently, honestly, fairly, and accountably. To assure the effectiveness of the program, the Government established a control mechanism for the whole process of distributing and allocating the subsidies. To face the hard situation that has been illustrated, the Government has to make changes in orientations in program planning that can answer and fulfill the needs that are urgent, realistic, and operational so that the society's social and economic condition doesn't suffer further damage. The strategy is distributed into two phases, rescue and recovery. A few new and specific programs need to be designed to overcome the crisis and integrated with the few programs on poverty reduction and community empowerment that already exist.

Since the program has great importance for assisting the poor, the Government should improve its effectiveness. Program improvement can be done based on several consultations and on input from society that is recorded by the program administrator, from mass media and direct consultation. Aside from that, each of the operators of the program has done an internal evaluation on its work in the past year, in addition to an external evaluation done by academic and other actors and the outcome of recommendations from meetings with society elements.

References

- ADB (Asian Development Bank). 1999. *Asian Development Bank's Poverty Reduction Program*. Manila.
- . 2004. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Available: http://www.adb.org/Documents/Policies/Poverty_Reduction/default.asp
- Ferreira, Francisco, Giovanna Prennushi, and Martin Ravallion. 1999. *Protecting the Poor from Macroeconomic Shocks: An Agenda for Action in a Crisis and Beyond*. Washington DC: The World Bank.
- Frankenberg, Elizabeth, Duncan Thomas, and Kathleen Beggle. 1999. *The Real Costs of Indonesia's Economic Crisis: Preliminary Findings from the Indonesia Family Life Survey*. California: the RAND Corporation.
- KOMPAS (The Indonesian Daily News). Jakarta. 29 May 2004.
- Papanek, Gustaf F., and Budiono Sri Handoko. 1999. The Impact on the Poor of Growth and Crisis: Evidence from Real Wage Data. Paper presented at the Conference at Economic Issues Facing the New Government. Jakarta: LPEM-UI.
- Rahayu, Sri Kusumastuti. 1998. *Results of a SMERU Rapid Field Appraisal Mission: Implementation of Special Market Operation (OPK) Program in Five Provinces*. SMERU Special Report. Jakarta: Social Monitoring and Early Response Unit.
- Santoso, Djonet. 2004. *People Initiative Management in the Context of Local Autonomy: Specific Case of Bengkulu, Indonesia*. Bengkulu: University of Bengkulu.
- Sutanto, Agus. 1999. The December 1998 Poverty in Indonesia: Some Findings and Interpretations. Paper presented at the Roundtable Discussion on the Number of Poor People in Indonesia. Jakarta: Bappenas.
- Suryahadi, Asep, Yusuf Suharso, and Sudarno Sumarto. 1999. Coverage and Targeting in the Indonesian Social Safety Net Program. Paper presented at the Manila Social Forum, 8–12 November.