Part III

Interaction between the People and their Government

Chapter 13

"Exit" and "Voice"

The Republic does not have subjects, only citizens.
—Thiers

THE ROLE OF EXIT AND VOICE IN PUBLIC ADMINISTRATION

As emphasized in chapter 1, effective accountability for public administration has an external as well as an internal component. Albert Hirschman's pioneering work (Hirschman 1970) identified two basic determinants of external accountability. One is the scope for the public to *exit*, i.e., the extent to which the public has access to alternative suppliers, public or private, of a given public service (or access to good substitutes for the service). The other is *voice*, the opportunity for the public to seek better performance from public service providers, without opting for alternative sources of supply. Voice refers to the degree to which the public can influence the access to or quality of a public service by some form of participation or expression of protest or views (irrespective of whether the exit option exists). To meet collective needs efficiently, governments ought to be able to ascertain the needs of all segments of the population, including the poor and marginalized groups. This requires opening avenues for individuals, user groups, private organizations, and civil society to express their views. Periodic elections cannot adequately serve the purpose of providing timely feedback on government performance in specific areas. In almost all countries, citizens therefore seek to project their views and interests beyond and in-between elections, in their capacities as taxpayers, consumers of public services, recipients of public assistance, and members of civil society organizations.

Exit is more of an economic response mechanism, prevalent in the competitive market, while voice is more of a political response, through political parties, voluntary agencies, and citizen groups. However, exit and voice options can both substitute for and complement each other. The public's decision to use either one of the options, or both in combination, will partly depend on the transaction cost of acquiring information about alternative suppliers (in the case of exit), and on the cost of various forms of collective action (in the case of voice). The relative effectiveness of exit and voice is determined by the characteristics of the service, such as the degree of market failure, economies of scale, barriers to information, education, legal and other factors, and the differentiability of services. Poor and marginal groups are particularly limited in their access to either exit or voice, owing to their inability to leave their location, or to access alternative providers.

Population pressures and demands for improved services are obliging governments in most countries to explore a range of institutional alternatives to direct service delivery. Certain activities are difficult to specify and are not contestable, i.e., entry of competitors is difficult or impossible (e.g., law enforcement). In these cases, there are no realistic exit options, and improved service provision can result only through voice mechanisms, and incentives and penalties for the officials responsible. For many other public services, however, it is possible to offer formal exit options to citizens through markets, the voluntary sector, and community-managed delivery.

Through pressure on policymakers, publicity, protests, and participation in key decisions, the voice of the public can cut through hierarchical control in centralized administrations, and counter weak internal accountability and motivation. The influence of voice will be enhanced when the organizational structure and incentives in public administration motivate civil servants to be more responsive to the public.

Beyond accountability for services, effective voice also entails that governments *consult* the citizens in formulating development plans, and in major project decisions, in order to secure the broadest consensus and lay the basis for effective program implementation. In developing countries, effective use of voice calls for programs of education, social mobilization, and even social marketing, in order to increase the use of socially desirable services such as immunization, family planning, literacy, nutrition, etc.

The downside of voice is the risk of delays and administrative overload, the problems and costs of sorting through a large number of views from the public (some of which may be unrepresentative), and the danger that a vocal and better equipped minority will drown out the interests of disenfranchised groups.

EXIT—PROVIDING CHOICE AND CONTRACTING OUT[1]

The General Setting

As defined above, exit is the extent to which the public has access to alternative suppliers, public or private, of a given public service. Government at all levels should behave toward consumers *as if* they had an exit choice, even in a full public monopoly. Otherwise, loss of community support and strong opposition from the people will in time affect the performance of many services, deny public agencies the benefit of local oversight and a crucial stimulus for efficiency and—not incidentally—weaken political support for the government. When the quality of public services deteriorates beyond a certain point, people exercise their exit options by refusing to pay taxes and service charges, or organizing locally to have private suppliers deliver the service (e.g., private trash collection or water supply). Where exit takes the literal form of out-migration of skilled professionals and private firms, it has a lasting impact on the economic and revenue base of the local or national government concerned. With globalization (Chapter 1) most governments have become more concerned with this risk, and accordingly pay more attention to the quality of public services.

Exit possibilities are partly a function of the scope for unbundling the services provided. An apparent government monopoly does not preclude the operation of informal private suppliers in slum settlements and peripheral areas not covered by the public service network. In many cities in developing countries with an official monopoly of public transport, for example, the share of informal private transport can be as high as 90 percent. Certain types of health care, too, can be provided by a variety of private practitioners, and neighborhood services and spot sources often make up for the inadequacy or absence of other public services. An increasing cause for concern in developing countries is the exclusion of large numbers of the poor from services provided by public monopolies, and the deepening poverty that such exclusion brings. For the poor, exit possibilities may be more theoretical than real, if they cannot afford to move. Likewise, the individual unfamiliar with the many sources of services, needs information to be able to choose. But the choices themselves may not be real, if they are unaffordable, as persons without private health insurance know so well, even in some developed countries.

In the long run there is no contradiction between public sector efficiency and the encouragement of exit alternatives. On the contrary, the active search for alternatives to direct service delivery by the government is an essential means of stimulating public efficiency and—more importantly—assuring that the basic needs of the poor and the vulnerable are met.

Contracting out[2]

Contracting the delivery of social services to the private sector can, if done right and under certain circumstances, lead to efficiency savings in and of itself. In addition, the prospect of losing customers is a well-known and powerful stimulus for performance in a private enterprise. Despite the absence of the profit motive, it can also prod a public sector organization to perform better. Therefore, the possibility of contracting out certain public services or functions should rank near the top of the list of questions to be asked periodically in government organizations. However, contracting out is only one market-related mechanism to improve efficiency and effectiveness. It is dealt here at some length because of the need for an understanding of the uses and limits of this practice as an exit mechanism.

What is contracting out?

Contracting out is the transfer to the private sector of the implementation of activities financed and previously delivered by the government. The practice has experienced a recent resurgence but is common in history. For example, "tax farming" was prevalent in ancient China, Greece, Rome,[3] and, more recently, Thailand, which until 1875 did not have a governmental organization for tax collection. (Contracting out is practiced in the private sector as well, where it is normally called "out-sourcing".)

Generally, under contracting-out arrangements, the activities transferred to the private sector remain financed by the government. Separating the financing from the delivery allows the governmental purchaser to choose from among different suppliers and to control costs and quality standards, without having to take into account the particular interests of its staff or other bureaucratic impediments. Contracting out aims at improving efficiency and curbing costs by promoting competition and/or clearer identification of costs. For example, in New Zealand, the Audit Office contracts out a number of its activities. Integral to a possible decision to contract out is the "market-testing" approach, by which government assesses whether the public service in question can be better delivered by the private sector.

The generic notion of contracting out include build-operate-transfer (BOT) or build-lease-transfer (BLT) schemes, which entail private financing of public investment. In BOT schemes the private sector finances the initial investment; recoups it through the profits from an exclusive government concession to operate the project over a determined period; and at the end of the concession transfers the assets to the government. BOTs are seen as a means of attracting private and foreign capital to the financing of public infrastructure.[4] BOT schemes have been adopted for many years in some developed countries (the most publicized one being the Anglo-French Channel Tunnel),[5] and more recently introduced in developing countries. Asia has a variety of BOT projects, including bridges and the new airport in Hong Kong, China; power and railways in the People's Republic of China; highways and airports in Malaysia; telecommunications in Thailand; and mass transit and power in the Philippines. The $1.8-billion Hub River thermal energy project in Pakistan involves BOT arrangements second in size and complexity only to the project that built the Channel Tunnel.[6]

Some BOT contracts guarantee the contractor against losses in operating the project. (In a tollroad, for example, if the volume of traffic is less than projected the government could ensure the servicing of debt contracted for the project.) In other BOT contracts the contractor is formally responsible for the success or failure of the project. However, if the contractor goes bankrupt, in a majority of cases the government will in practice have to continue operating the project and to subsidize it, because of the large number of people depending on it.

Why and when

The reasons for contracting out in the public sector are many, and include reducing service delivery costs; lack of in-house expertise; providing a higher-quality product; obtaining a yardstick for cost comparisons between government delivery and private delivery (market testing); gaining access to specialized skills and equipment; avoiding high start-up costs; initiating new discrete functions; limiting the size of the government workforce; weakening the influence of employee unions; avoiding labor rules or restrictions; and keeping flexibility to adjust the size of the program (Rehfuss 1990). Occasionally, there may also be a deliberate intention of encouraging the private sector to develop in a particular sector or line of business. In all cases of contracting out, however, the government agency remains responsible to the government and to the population for the quality of service and for the contract outcome.

Private companies are frequently contracted to perform certain tasks internal to government agencies, such as courier services, cleaning and security, travel, etc., normally based on straight cost advantages. Of greater relevance to the citizens' exit options is contracting out the provision of final services to the public. Other than direct provision by the government department, three modes of service provision exist: regulated, grant, and contract. In the regulated mode, the government is involved in planning, but not in financing or producing the service (as for example in land zoning enforcement). Under the grant mode, the government provides financing for studies, or technical and legal assistance, but neither plans nor produces the service. Under the contract mode, the government both plans for and finances the service, but contracts out its delivery (as for example the maintenance of parks and community centers).

Because different services require different modes of provision, the nature and mix of the services provided by a government agency will determine whether and how reliance on contracting out is appropriate. Services never recommended for contracting out are mainly those involving the use of the state coercive power (e.g., police), and essential services whose disruption would create a major crisis, e.g., air traffic control. Generally, contracting out of public services should be considered only under five basic conditions:

- there are demonstrable cost savings or improved benefits to the users;
- outputs relevant to the desired outcomes can be clearly specified;
- performance can be monitored (and the administrative capacity to do so exists);
- the contracts can be enforced (and the administrative capacity to do so exists); and
- there are robust accounting and audit mechanisms in place.

Accordingly, contracting out is of particular relevance for local government services—sometimes as the consequence of central government limits on local government employment, but more often because of the efficiency advantages of private delivery of certain local public services. Major areas of local government contracting include: building maintenance; security; vehicle maintenance and repair; parks, landscaping, and recreation facilities; waste collection and disposal; streetlights and road maintenance; and similar services meeting the five conditions listed above.

In some developed countries, local government is required to submit most internal and external services to competitive bidding. (For example, the Australian state of Victoria requires 50 percent of the budget to be submitted to compulsory tender.) The corresponding government departments are thus put under pressure to bring their cost and quality of services to the level of the best responsive private bidder, if they wish to continue to provide the service in-house and thus retain their staff and resources.

Nevertheless, provision by government (either by the traditional ministries or by nonministerial government bodies—Chapter 6) continues to be the predominant form of public service delivery. In most countries, the proportion of local and national spending on public services delivered through private business and voluntary organizations is not yet significant.

Managing the contracting-out process[7]

It is necessary first to define clearly the service goal and identify the specific activities to be contracted out. It is also important to

- evaluate likely changes in conditions (e.g., service increases and investment requirements);
- review issues of coordination between the activities to be contracted out and the other relevant governmental activities;
- assess whether activities in other government agencies could be incorporated into the project to increase its efficiency; and
- evaluate the quality of the contractor's management.

A variety of options should be considered regarding the type of agreement (lump-sum contracts, price-per-unit contracts, shared profits, etc.), the objective (e.g., cost saving only or service improvement), and the potential suppliers. Project costs should be assessed (when possible) based on the experience on similar projects or specific studies; performance standards should be clearly stipulated in the contract; and the contract should incorporate provisions regarding contractor nonperformance and dispute resolution mechanisms.

Assessment and management of risks are important aspects of contract management (Box 13.1). The government agency needs to keep up its technical knowledge of the service, to be able to monitor the performance of the contractor and to audit performance information from the contractor.

Box 13.1
Risks and Opportunities in Contracting Out

In *Malaysia*, the Government signed a novel and ambitious 28-year concession with a private consortium to upgrade, rehabilitate, and extend the entire country's sewerage system. Although the estimated US$2.8 billion contract was awarded in 1993, progress has been slow, primarily because of significant public and commercial backlash from tariff collection and tariff increases. Malaysia's experience points to the unique risk allocation issues raised by private provision of retail sanitation services in instances where these services have never been centrally provided before, the legal right to cut off service for nonpayment is absent, and sewerage and water services are billed separately.

In *Argentina*, the city of Buenos Aires delegated the management and investment responsibility for its water and sanitation systems to a private consortium. Under the terms of the 30-year concession, the consortium will invest US$4 billion in upgrading, rehabilitating, and extending the systems. In three years, the consortium has brought dramatic operational and financial improvements through reduced unaccounted-for water and higher bill collection rates. The success can be traced to the significant steps the Argentine Government took to ensure the financial viability of the concession: raising tariffs prior to privatization, assuming the state water companies' liabilities, financing a voluntary retirement program, providing a guarantee that the concession company would cut off service to consumers for nonpayment, and creating an independent regulatory authority to prevent politicization of the concession. Soon after the award of the concession, however, tariffs had to be raised ahead of schedule because the Government agreed with the operator's view that the physical state of the systems was worse than anticipated.

In New Zealand, following the deregulation of the New Zealand energy industry in 1992, Mercury Energy Limited was incorporated on October 1993 as the successor to the Auckland Electric Power Board (AEPB).

On 20 February 1998, a power crisis hit Auckland when four major cables feeding the central business district crashed. International experts engaged by Mercury Energy found possible causes for the cable failures: the exceptionally hot and dry weather, problems in the backfill and ground in which the cables were installed, steep slopes down which some sections of the cables were laid, vibrations from road and rail traffic, and the cutting of control cables by contractors. However, the company's competence, standards, and practices as Auckland's major provider of power, have been put into question. The ministerial inquiry into this incident distributed blame between Mercury Energy

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Box 13.1 (cont'd.)

and its predecessor, the AEPB, because both neglected the evidence of increasing unreliability of the cables. Mercury Energy, however, gets a bigger part of the blame as it seems likely from the inquiry's conclusions that it did not properly evaluate the risk of supply interruptions. Moreover, the inquiry report concluded that the indirect nature of the trust ownership of Mercury Energy may have had an effect through "absence of clear Board accountability through effective shareholder and/or market disciplines," a vital objective in a network industry with monopoly characteristics. Likewise, Mercury's contracts with its customers do not clearly define what supply risks are involved and unless exclusions and limitations were freely and equitably negotiated between supplier and customer, the supplier should normally bear the residual liability.

Source: Finance and Development *(March 1997);* The Age, Melbourne Online, *various issues (1998); and Rob Laking, Director of Master of Public Management, Victoria University of Wellington (1998).*

However, no matter how carefully the contract is designed and monitored, contracting out delivery of a public service does not discharge the government agency from its responsibility for that service. The agency has the obligation to monitor the performance of the contractor to ensure that standards are met and the contract is fulfilled. In any case, the public will remind the government forcefully of that obligation if anything major goes wrong with the execution of the contract and the delivery of the service.

The need for caution

As noted, contracting out can be an effective tool for promoting efficiency and improving the delivery of certain public services. When preparing and reviewing ministries' budget requests, it is always advisable to ask whether a more cost-effective private solution could exist, and move to contract out the service if the answer is yes (see the Decision Tree in Chapter 1). However, contracting out cannot serve to avoid or substitute for improving the efficiency and effectiveness of public administration, or for outright privatization if the service in question does not properly belong in the public sector. Also, contracting out carries fiscal, efficiency, and governance risk if it is not well designed and monitored. It is always necessary, therefore, to determine accurately the contractual and market conditions in which the possible private solution can be implemented.

The experience in practice with lump-sum contracts and partnering is similar to that with management contracts for public enterprises (Chapter 6). Generally, these contracts have not helped in rehabilitating ailing enterprises or improving their efficiency, and in many cases have led to asset stripping and profit milking by the private manager. (When management contracts are associated with substantial equity investment by the new management, these problems are significantly alleviated.)

A competitive environment is generally necessary to benefit from contracting out. After reviewing several surveys of contracting experiences in the United States (US) that show uneven results, Donahue (1989) concludes:

> First, the profit-seeking private firm is potentially a far superior institution for efficient production. Second, that productive potential can be tapped only under certain circumstances. Public versus private matters, but competitive versus noncompetitive usually matters more… Half of a market system—profit drive without meaningful specifications or competitive discipline—can be worse than none.

Contracting out is also sometimes a way of slipping budgetary constraints rather than a deliberate choice on efficiency grounds. In theory, the financial risk should be transferred to the contractor, but contracts often include explicit or implicit government guarantees. The government agency achieves savings but, because of the importance of the service to the public, when the contractor fails to provide the service correctly or goes bankrupt the government has no practical alternative but to intervene and give financial support to the activity previously contracted out. Some private firms therefore use contracting-out agreements to get the contract, without intending to submit themselves to real market discipline afterwards. Contracting out also diminishes transparency, since it substitutes commercial confidentiality for accountability and thus escapes legislative controls.

When the government is obliged to support an ailing project implemented under a BOT contract, the fiscal cost may be particularly high, as shown by the Mexican experience described in Box 13.2. This calls for a careful analysis of the legal and economic aspects of BOT arrangements. The usual cost-benefit analysis of projects undertaken under BOT schemes must be undertaken, but further assessments of risks, variants, etc., are required. A BOT arrangement should never be an excuse to launch an unprofitable project. When the government cannot find a genuine private solution, the reason is often that the project in question is not viable in the first place.

The corruption risk of BOT arrangements is of special concern. Compared with normal procurement, the complexity of BOT arrangements provides greater opportunities for corruption. For example, in a country such as France, where corruption within the civil service is nearly nonexistent, several recent judicial proceedings revealed corruption of local authorities through BOT contracts.

Box 13.2
Contracting Out Gone Wrong: Two Examples

In the 1980s, local authorities in the United Kingdom, faced with financial stringency, resorted to a range of private funding vehicles to evade public expenditure control. These unconventional means of finance involving private parties become known as avoidance instruments. For example, many local authorities resorted to sale-and-leaseback arrangements with existing assets, in some cases reaching the extremes of realizing cash through sale and leaseback of street furniture such as lampposts or parking meters.

Mexico launched in 1987 an ambitious program for contracting out the construction and operation of roads under BOT arrangements. Initially, the arrangements appeared to be successful, and more than 5,100 km of new toll roads were built. However, resources were allocated poorly and were used before they were needed; construction periods turned out to be 55 percent longer than had been agreed with the contractors; vehicle traffic 37 percent lower than projected; and investment 29 percent higher than agreed. The profitability of the roads was naturally far lower than had been anticipated. The Mexico economic crisis of 1995 aggravated the financial situation of the toll roads under concession to private companies, forcing the Government to implement a plan of emergency support of US$2.2 billion. As a consequence, the participation of the public sector rose to 40 percent of the capital stock of companies holding the concessions, and the concession terms were extended to allow private investors a greater opportunity to recover their investment.

Sources: David Heald, "Privately financed capital in public services," The Manchester School, 1997; and Robert Barrera, "Contracting-Out Highway Development and Operations in Mexico," in Contracting Out Government Services, *OECD 1997.*

Involving the community

Contracting out to nonprofit voluntary agencies and community groups may help resolve some of the above problems and carries special benefits in terms of community development and social capital formation (Chapter 14). In some countries, e.g. the Philippines, these voluntary agencies agree to perform important social services such as rural extension, in exchange only for support in kind such as laboratory, equipment, or transport. Contracts may also be awarded without competitive bidding to small businesses, or those owned by women and minorities, or to community organizations—in pursuit of social or economic objectives broader than narrow efficiency and cost considerations.

Many developing countries (e.g., Bolivia, India, Uganda) have entered into noncompetitive contracts with voluntary agencies and civil service associations for the local and national management of many social services of special importance for the poor—typically, nutrition centers, health care and immunization, daycare centers, slum improvement, and basic sanitation. Because the outputs are difficult to specify, these services are unsuitable for contracting out to private business, but may be entrusted to nonprofit nongovernment agencies whose objective is to serve the public. Also, in many cases, such agencies are better placed to deliver the services because of their proximity to and affinity with the local community, and are often more efficient as well. As an illustration, public health spending in Cambodia in the mid-1990s was barely $2 per person per year, compared to $30 per capita spending in private health facilities. In two pilot projects, entrusting the operation of the health care system to nongovernment organizations (NGOs) substantially reduced health costs, and raised responsiveness to community needs at the same time.

Governments could also consider introducing in areas like education and health care healthy competition between government and nongovernment providers, e.g., the workers' training fund run on the basis of vouchers in Kenya and the Philippines, and the management of preschools in India (World Bank 1997).

In a number of countries, it is deliberate government policy to involve cooperatives in aspects of service provision such as the distribution of essential commodities and inputs, the management of public housing, extension services to farmers, and the like.

Finally, a special form of participation of nongovernment organizations in public service delivery is co-production. In a co-production arrangement, service delivery becomes a joint venture between the government agency and some citizens' group. This collaboration is not always easy to administer, but can be most fruitful with neighborhood associations and other community groups for local services such as fire protection, public safety, refuse collection, area beautification, emergency medical services, care of the elderly, and cultural activities.

VOICE—
COMMUNICATING AND LISTENING TO THE CITIZEN[8]

Establishing a Client Orientation

Citizen or client?

Government deals with the citizen in various capacities, only some of which resemble the private-sector relationship of provider to customer. It is important to distinguish between citizens and clients in any discussion of the role of government and its relations with society at large. Citizens have rights and responsibilities vis-à-vis their government that go well beyond their role as customers of public services. The nature of reciprocal loyalty is vastly different as well.

The use of the term customer or client is appropriate when the government delivers specific services, e.g., electricity or medical care. The client perspective is important and central to the rationale for setting up executive agencies for service provision, and for hiving off commercial activities from public entities (Chapter 6). It is based on the belief that business principles need to be infused into public service.[9] However, the distinction between citizen and customer reminds us that the interests of specific client groups where a given public service is concerned may differ from those of the taxpayers and the public at large. Citizen orientation, then, becomes part of the movement for responsive public administration, which incorporates the interests of the public *both* as clients and as citizens.

Nevertheless, a client orientation can be a very important component of an overall effort to improve the effectiveness of government. Clear and credible statements of public service standards, action in accordance with these standards, quick response to complaints, etc., are needed to improve the level and quality of public service. Client orientation can also improve the overall quality of the government-citizen interaction, by challenging the notion that citizens are passive recipients of services, which are delivered at will by public monopoly; by empowering the ordinary citizen to confront government agencies; and by replacing the patronage culture with a service orientation that has all the elements of external accountability.

Citizens' charters

A citizens' charter is a proactive initiative by government to organize the actions of government agencies around an explicit and public statement of service standards and obligations. The charter is based on the premise that since citizens contribute to all public services as taxpayers and have basic rights as members of society, they are *entitled* to public services of a certain degree of quality, responsiveness, and efficiency. They are also entitled to expect the state to perform its regulatory, tax, and justice administration functions effectively, fairly, and courteously.

Governments that have introduced citizens' charters view them as statements of initiatives and core principles, which would raise service standards in the way most appropriate to each agency within the government. The principles adopted in the British "Service First" charter program are described in Box 13.3. Countries with similar charters at the turn of the century included Australia, Belgium, People's Republic of China, France, India, Italy, Malaysia, and the US. Singapore has created service improvement units in all ministries. In many countries, provincial and local governments have also adopted citizens' charters, since local governments are particularly involved in service delivery.

A citizens' charter can vary from a general statement of performance standards to a detailed list of rights of citizens. In the United Kingdom (UK), over 50 organizations and many local governments have enforced charters, for hospital patients, rail passengers, the courts, taxpayers, child support, and other purposes. The British charter is concerned in particular with cross-cutting areas of service delivery and the needs of neglected groups. Whatever the format of the charter, it should be accompanied by information booklets, which detail the principles and standards, the complaint and compensation procedures, and the names and addresses of offices and officials to be contacted. A mere statement of promises, without specific information and guidance for the users, has little use or credibility.

Box 13.3
Service First Charter in the United Kingdom

Service First, the new charter program in the UK, takes the Citizens' Charter of 1991 into the next century. It is part of the wider Better Government program to transform and modernize public services. Its nine principles, aimed at improving service responsiveness, quality, effectiveness, and cross-sectoral cooperation, are:

- Set standards of service.
- Be open and provide full information.
- Consult and involve.
- Encourage access and the promotion of choice.
- Treat all fairly.
- Put things right when they go wrong.
- Use resources effectively.
- Innovate and improve.
- Work with other providers.

Service First charters have been adopted and are being implemented by a large number of government agencies and local governments. A charter mark scheme organized by the central unit recognizes and encourages excellence in public service by motivating all the charter organizations to apply for and earn a charter mark. A people's panel has been established to give people more say in how services are delivered and how they can be improved. The panel consists of 5,000 persons, representing a cross-section of the country by age, location, background, etc.

Source: UK Cabinet Office. 1995. Report of the Committee on Standards in Public Life. *London: HMSO.*

The actual implementation of citizens' charters must be monitored, and effective monitoring requires political support at the highest level. Typically, monitoring is done by a central unit attached to the office of the minister or the cabinet secretary (as in Malaysia and the UK). Realistic evaluation is important as well, to ensure that the benefits, in terms of improved service quality and access, justify the costs of introducing and monitoring such initiatives.

Citizens' charters and similar initiatives may risk treating the citizens simply as customers at the end of the delivery chain, forgetting their role in determining the goals of public activity itself. The citizens' charters found in many countries can be faulted for being mandated from the top, instead of emerging from the citizens themselves.[10] In addition, there are potential problems: differences in service quality and cost for similar customers in different locations, as well as the general issue of the interests of taxpayers as a whole versus the interests of particular client groups.

As with other practices borrowed from developed countries, citizens' charters have to be introduced with particular care in the developing countries, lest they become a mere symbolic gesture with no provision for systematic implementation. A number of governments (e.g., India) came out with impressive citizens' charters as the result of external donor pressure or at the initiative of senior officials. These charters were short on commitment to service standards, and lacked a sense of ownership on the part of employees and consumer groups, who were not consulted in the development. Not surprisingly, implementation was not credible. The issues of administrative capacity and of costs again come to the fore. Citizens' charters can be an impressive adjunct of administrative reform, but only when designed well, in participatory ways, and efficiently and forcefully implemented. All this requires a substantial administrative and monitoring capacity, which may or may not be present in the country in question.

Furthermore, the effective implementation of citizens' charters involves a major revision of administrative procedures; appropriate delegation of powers, adequate resources, and other facilities; changes in the attitudes and skills of public employees; and systematic feedback by the service users. When charters are seen as mere publicity gimmicks and not effectively implemented, they can do lasting damage to the credibility of government. The specific obligations under the charter, such as maximum waiting times for patients, passengers on public transport, or complainants seeking redress, must correspond to what the organization can deliver, with its resources, staff, and other constraints. If not, these promises should not be made in the first place.

These problems should in no way discourage practical initiatives for a stronger client orientation in developing and transition countries, where citizens are commonly viewed as passive beneficiaries of public services granted by the government. Selectivity is a must, however. Such initiatives should be focused on the most critical areas of public dissatisfaction (based on citizen surveys), and cover both regulation and services. The initial activities could be in services that are more visible and around which citizens can organize themselves, such as health care and garbage collection, as well as on services delivered locally by decentralized and deconcentrated units. Such efforts should be accompanied by consultation with both users and employees, and a quick review of administrative procedures to identify major stumbling blocks. The experience of most countries suggests that the implementation of these initiatives calls for changes in procedures and attitudes rather than for more resources.

Public Feedback and Consultation

At the outset, one should note that the public will voice its feelings in one way or another. Protests and street violence are overt indicators of citizen frustration, when the people are not given reasonable opportunities to express their views, or to have their complaints redressed swiftly, or to be involved in some way in public programs. So-called disorderly voice movements have shaped the policies of countries in different areas, and even the destiny of governments. Systematic and good faith consultation is clearly preferable.

Public consultation can take a range of forms, from simply transmitting information to giving citizens control over final decisions (e.g., the referendum mechanism in Switzerland or proposition initiatives in many states of the US), or eliciting substantive input from the public through a dialogue, or delegating the task of developing policy options to community representatives.[11] The various ways in which responsiveness to citizens can be enhanced are shown in Box 13.4. As noted at the start of this chapter, the relative infrequency of elections underscores the need for continuous citizens' feedback and consultation mechanisms to supplement the electoral mechanism.

Box 13.4
Initiatives to Increase Responsiveness to Citizens in OECD Countries

In recent times, most OECD governments have given priority to improving the relationship between the administration and the citizens, and have introduced measures to increase responsiveness to the public.

- **Procedural Measures**: Various measures—new laws, language improvements, redesigned forms, less red tape, faster procedures, staff training, and easier access—have been taken to make administrative procedures more responsive to citizens' needs. Examples: a special directorate comprising staff from key economic ministries and private-sector

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Box 13.4 (cont'd.)

representatives, to improve communication with citizens, simplify procedures and forms, etc. (France, Norway); a special commission to edit and codify the texts of the extensive and unwieldy administrative code so as to simplify access for all users (France); a review of virtually the entire body of laws to eliminate obsolete and dispensable laws (Austria); management guidelines including specific standards to minimize the number of forms, and to simplify and improve efficiency of communication (UK); a law emphasizing service orientation in administration (Sweden).

- **Information Measures**: These include establishing appropriate institutions, adopting promotional devices, making communication services available, and publishing documents. Australia, the Netherlands, and Norway have passed freedom-of-information acts making all public documents freely available to citizens unless specifically barred by law. France has established interministerial administrative information centers to provide citizens with information regarding laws, rules, and administrative procedures by telephone. New Zealand has published a directory providing information about manuals, rules and procedures, and the addresses and phone numbers of officials to contact.

- **Consultative Measures**: These are devices for obtaining feedback from citizens on administrative matters affecting the public. Examples: a red-tape commission to survey difficulties faced by the public in contacting the administration and to suggest improvements (Sweden); a special directorate to analyze media content and to conduct opinion polls (France).

- **Institutional Measures**: These measures seek to ensure support and protection for citizens by setting up special appeals courts, commissions, and advisory agencies. Typical measures: an ombudsman to allow citizens to lodge appeals against administrative decisions (Austria, Finland, and Norway); laws requiring public officials to furnish citizens with factual findings on decisions, including their grounds, within 28 days of written requests (Australia); Public Administration Act strengthening the legal protection for citizens by ensuring impartiality of administrators in decision making (Norway); a surveillance agency within the government to check the activities of units and services of the administration, and to enforce rules regarding the economic rights of citizens and conflicts of interest (Spain).

Source: OECD.1997. "Consultation and Communications: Integrating Multiple Interests into Policy," Media Relations. *Paris.*

Feedback mechanisms may seek to obtain information from the clients of a particular public service about the service itself, such as its price, quality, timeliness, access, suitability, or safety; about the helpfulness of staff; or about the effectiveness of the complaint redress mechanism. But clients may be involved beyond giving feedback on consumer satisfaction. There is a continuum of client involvement and discretion, proceeding from information to consultation, partnership, delegation, and control.[12]

The general mechanisms for consultation and feedback may include:

- employee feedback;
- client/user surveys;
- citizen services;
- publicity and information campaigns;
- public hearings and local meetings;
- user advisory groups and user representation on agency boards;
- consumer complaints procedures;
- media interventions;[13] and
- feedback from NGOs.[14]

In addition, ad hoc methods of eliciting consumer feedback include electronic bulletins, suggestion boxes, focus groups, and brainstorming groups. (Some of these ideas were borrowed by public organizations from the private sector.) User boards and electronic bulletins may allow more direct communication about service issues than a user survey, but these mechanisms may not be representative, particularly of the less literate segment of the user groups. Similarly, suggestion boxes may provide useful feedback from individual clients, but again tend to provide a fragmented view of general client preferences. Thus, systematic client/user surveys, conducted in statistically sound ways, are needed to help improve the service. Elaborate surveys, using sophisticated statistical techniques of stratified sampling and structured questionnaires, carry significant resource and time costs. However, quick-and-simple surveys may provide useful information at low cost, especially when conducted by local organizations, provided that they meet basic standards of statistical representativeness. Box 13.5 gives examples of user surveys in various countries, and Box 13.6 gives examples of user surveys in the Republic of Korea.

Box 13.5
Citizen Surveys in Different Countries

The Ugandan Government worked with NGOs and communities to survey the views of the public on service delivery. Several rural districts based their district plans on the survey findings.

Sweden uses an opinion survey instrument called the Swedish National Satisfaction Barometer to contact citizens who are customers of the largest public enterprises and to measure their satisfaction with the services provided. This longitudinal survey provides information on the success of enterprise reforms, and spurs efforts to improve services.

A number of cities in the US, such as Portland, Oregon, survey their citizens in an effort to appraise—and potentially improve—police, fire, sanitation, parks, and a range of other municipal programs. The results of the survey give leaders an indication of how programs are working. Portland is also developing benchmarks in areas like crime and education, and uses an interactive computer-based system to allow people to express their views on these benchmarks in town meetings.

In Canada, the media regularly publishes report cards on issues that are considered important by the people, to complement the information released by government agencies. These media report cards have a discernible effect on policy.

Source: Commonwealth Secretariat (1998c); Barrett and Greene (1994).

Box 13.6
Customer Satisfaction Survey Questionnaire in the Republic of Korea

Quality Dimension	Some Question
Accessibility and availability of service	Is the service guidebook adequate? Is the application procedure easy to understand? Was the public servant kind to you when you asked for service?
Convenience	Were application forms and procedures simple and convenient?

continued on next page

Box 13.6 (cont'd.)

Quality Dimension	Some Question
Speed and correctness	How many branches and counters did you have to visit to receive public service? How many documents were needed in public service applications? How many times have you been to the government office to receive service?
Pleasantness	Did the public servant do the job quickly and correctly? Are you satisfied with the time required to receive public service?
Responsiveness	Are you satisfied with the parking space at the government office? Are the restrooms in the government office sufficient? Was the government office clean and orderly?
Equality	Did the public servant let you know beforehand how long it would take to finish the service, and really finished it at the appointed time? Did the public servant correct and explain errors when he/she made them? Was it easy to receive information that you think can be made public?
Feedback	Did the public servant do the job impartially based on relevant regulations? Did the public servant offer service impartially without considering the social position of the customer? Did the public servant ask for pecuniary or nonpecuniary remuneration when you asked for consultation?
	Could you anticipate the result of the public service? Are you satisfied with the result of the public service?

Source: Asian Productivity Organization. 1998. Productivity and Quality Improvement in Civil Service. *Tokyo.*

A variant of user surveys is the *citizen report cards* used in a number of Indian cities to allow citizens and businesses to rate public agencies in terms of such criteria as information availability, transaction costs, staff courtesy and helpfulness, delays, and corruption (Box 13.7). These report cards have been very effective, and merit very serious consideration in all developing countries, after taking into account local differences. Perhaps their main benefit is the inducement of healthy and virtuous competition among government agencies to provide better services.

Box 13.7
Citizens' Report Cards in Bangalore

A report card on urban public services is an innovative way of gathering systematic feedback from citizens on the performance of a city's service providers. In 1993, local civic groups in Bangalore, India, used a report card on services, prepared by the Public Affairs Center, to nudge their monopolistic service providers into responding more effectively to their customers.

The findings of the citizen survey were used to create a report card that rated the performance of all the major public agencies. The report card was sent to the heads of all agencies, and the findings were widely disseminated through the media. The survey was repeated recently to assess changes in responsiveness, information barriers, and corruption in urban public services, from the citizens' point of view.

The first to respond to the survey was the Bangalore Development Authority, which reviewed its internal systems for service delivery, introduced training for lower-level staff, and strengthened its service function. It also joined with the Bangalore Municipal Corporation, which initiated experiments in waste management and other areas, and created a forum of nongovernment organizations (NGOs) and public agencies to deal with key concerns. In addition, it has collaborated with a citizens' panel, consisting of experts, in the monitoring of the quality of road construction. (Elsewhere, the Karnataka State Electricity Board has formalized periodic dialogues with residents' associations to improve its services in the city, and several other agencies have strengthened their systems for redressing consumer grievances.)

The experiment has given the public a better appreciation of the value of citizens' feedback and of the role of civil society in improving local governance. Some 90 percent of the respondents felt that citizens' groups were more active than before, a sure sign that public pressure on service providers will continue.

continued on next page

Box 13.7 (cont'd.)

The Public Affairs Center has since prepared report cards on services in six other large cities of India, mostly in partnership with NGOs and local civic groups, making it possible to compare citizens' satisfaction with public services in different cities. City agencies could soon engage one another in virtuous competition for improvement. Report cards have also been issued for specialized services such as hospitals and public transport. In all cases, citizens have used the report cards as a trigger for collective action to make public agencies more responsive.

Source: World Development Report *(1997); Public Affairs Center, Bangalore (1995, 1999).*

Client/user surveys gain in value when people realize that their views do influence the performance of agencies or the choice between alternatives. Conversely, if the agencies take no meaningful action in response to the survey results, the credibility of the exercise disappears quickly and participation rates fall, thus calling into question the statistical representativeness of the survey itself. However, as more people become aware of the performance of specific agencies, they are more likely to exert collective pressure on the agencies to improve their services. User surveys or report cards can be conducted by nongovernment bodies as well as by government agencies, but public awareness and subsequent citizen action depend on wide dissemination of results and on mobilization, both of which normally require the active involvement of the government.

Government personnel are an important source of valuable feedback on service quality and access. Canada and other countries use government employees as a target group for surveys. The views of employees can also be elicited in other ways, of course. For example, in Singapore, where feedback for service improvement has existed since 1991, work improvement teams elicit feedback from junior employees by offering rewards for the best suggestions. Singapore also appoints a service quality manager in each department to receive comments and suggestions phoned in by the public using toll-free numbers. To minimize bias in reporting and to ensure the usefulness of this type of feedback, the information obtained in these ways should be supplemented by user surveys, data on complaints, and systematic observation. Incentives and rewards for employees could be linked to consumer satisfaction, as they are in some East Asian countries.

Decentralization offers great potential for increasing user voice, since local government bodies deliver many services relevant to the daily lives of citizens, but requires responsive and efficient representative structures, as discussed in Chapter 5.

Studies have shown that the potential for voice is stronger in some services than in others. Services with a stronger potential for voice are more visible (e.g., garbage collection, as opposed to garbage disposal); are locally provided; can be commercialized and provided by the market; and can rally user groups into pressuring public agencies.

Although greater efficiency in the visible services would be beneficial, overreliance on user satisfaction survey can subject the less visible services to neglect and degradation. An example is the thorny problem of where to locate waste disposal sites, the neglect of which can severely damage environmental quality over the long term, and typically affects poor areas to a greater extent.

User fees are usually seen as a way to generate revenue and prevent waste, but they also make users more vigilant and encourage them to demand accountability from the service provider, to reinforce the traditional accountability mechanisms of government. Thus, service-related voice mechanisms at the local level that are closely linked to service delivery can be considered. Users can join maintenance groups or project committees, or participate in setting user charges. Water user councils in a number of Latin American and Asian countries, for example, show the usefulness of user groups and committees. However, all potential users and minority groups must be represented, to prevent domination by a few interests, and to depoliticize the appointment of members. If the user group is representative and active, the public service organization should be prepared to consider and implement changes recommended by the group. Without meaningful follow-up, the user pays more and the service does not improve. Also, user fees for basic public services such as primary education and basic health, which should theoretically lead to better financing and hence wider services, in practice curtail access by some of the poorest and are inadvisable on both social and political grounds.

Broader *citizen surveys* provide both detailed and aggregate data on attitudes and expectations, and tend to avoid the bias or overly restrictive estimates of needs and wishes that often characterize specific user surveys. Citizen surveys where all the relevant social groups are statistically represented can be a source of valuable information on a diffuse public. The sample size can vary: it can cover only those people directly affected by a decision, or a particular sector of the population, or an entire region. (A well-known type of citizen survey is the *opinion poll*.)

A common mode of consultation is to circulate proposed policies or legislation for comment among groups and organizations with a direct interest in the outcome, or to publish them in the official gazette and the media and to call for public comments by a particular date. *Public meetings* to discuss issues take this type of consultation still further. *Public inquiries* are designed to investigate and report on a specific issue, and are conducted by a person with judicial powers to take evidence and compel the attendance of witnesses. These inquiries can help in specific instances, but are expensive and time-consuming and should not be overused.

Public hearings, which are often mandated by law for proposed land use or major project proposals, give experts and the general public a structured opportunity to question public officials. In several provinces in India, local officials inform the citizens about development projects and expenditure at public hearings held by the government at the village and subdistrict level. The local people can also take advantage of those hearings to bring out instances of misallocation of funds or corruption, and the government is obliged to report back to them the action taken. Public hearings tend to strengthen the legitimacy of proposals. However, once again, it is important to ensure that all the relevant interests are represented, and that the hearing does not merely worsen conflicts over the issue.

Finally, joint consideration of issues in *public-private deliberation councils* has been institutionalized in different ways in a number of countries in East Asia and elsewhere (Box 13.8). Labor unions, industry, users, and the government are normally represented in these councils, which relay the viewpoints of these groups to the government department concerned. But as these councils do not share in decision making, the administration should not use them to whitewash its decisions, to give a mere semblance of consultation, or to silence opposition by co-opting outside interests.

Box 13.8
Deliberation Councils as a Consultation and Feedback Mechanism

Deliberation councils are forums through which stakeholders and the executive (political or civil servants) can regularly exchange information and discuss policies to resolve specific problems. They reduce uncertainty in the policy environment, and present opportunities for key stakeholders in different economic and social sectors to provide institutional inputs and oversight. Governments use the councils to test the effectiveness of their policies and programs, and to draw up stable long-term policies based on the ownership of key interests. Examples of such councils are the Joint Public Sector–Private Sector Consultative Committee in Thailand during the mid-1980s; the informal consultative committees in Chile in the 1980s; the industry-based councils in Japan; the National Wage Council in Singapore; the Malaysia Incorporated concept; and the business-labor councils in Canada.

Singapore has set up a National Crime Prevention Council, which is chaired by a private-sector chief executive and is composed of representatives from civil society, professional bodies, and universities. Secretariat services are provided by the public interest division of the police. The council commissions studies on various issues relating to the incidence of different criminal activities and immigration-related offenses, and recommends specific prevention and control measures.

The key to the success of these councils is their capacity to act as a credible mechanism for the government to show its commitment, and their focus on clear, relatively narrow, sets of issues or subsectors. The councils can act like a rolling meeting of all the different interests, and work toward the most preferable option. The conditions for the success of the councils in developing countries are: broad representation of the stakeholders, public education to garner widespread support, technical assistance and support for the council, and emphasis on trust and mutual monitoring.

Source: World Development Report *(1997); and OECD (1997d).*

Redress of Public Complaints[15]

In the absence of exit options, individuals need to find ways of settling their grievances against government organizations and service agencies quickly and fairly. Systematic redress mechanisms bring wider benefits. They act as checks on the actions of service providers, bring out causes of recurring grievances, and correct underlying problems in policies and procedures. The institution of the ombudsman, which originated in Scandinavian countries, can play an important positive role as well.

Organizing for grievance redress

The right of redress assures citizens that an administrative wrong or malpractice will be put right, through personal or written explanation, apology, compensation, restitution, disciplinary action against the concerned official, or other remedy. Redress should begin with a complaint mechanism in every public agency, at all levels of public contact. Ideally, the complaint mechanism should be:

- readily accessible to users of services;
- simple to operate, with clearly defined procedures and responsibilities;
- transparent and widely disseminated to the public;
- speedy, with time limits for dealing with complaints and communicating the decision to the public;
- objective, with complaints investigated independently, if necessary;
- linked to performance appraisal and reward of employees;
- confidential, with protection for the privacy of the individual and against vindictive reaction; and
- integrated with the management information system of the organization and the central agency for grievance redress.

The grievance should be dealt with first at the operational level, with the help of delegated powers and internal instructions. Each ministry should set up redress mechanisms suited to its clientele and functions, but consistent with an overall central framework. Various governments, e.g., the UK, have issued clear guidelines for dealing with complaints from the public, besides forming independent committees to deal with sensitive areas like taxation.

Ideally the steps involved in setting up a redress mechanism typically include:

- Establish convenient, inexpensive channels for the public to lodge their complaints.
- Specify the procedures for investigating complaints, define the roles and responsibilities of the staff, set time limits for each stage starting from the acknowledgment of the complaint, and make all these widely known.
- Require senior officials to make themselves available at pre-announced hours to consider public complaints.
- Establish the procedures for allowing complainants to present their case, at a time and manner convenient to them.

- Insist on formal and understandable communications with complainants, specifying the reasons for rejecting complaints and indicating further avenues of redress.
- Establish procedures for appeal or review.
- Computerize the tracking of complaints, to facilitate monitoring by the agency, regulatory improvements, and issue periodic reports to the public.
- Devise mechanisms for dealing with collective or representative complaints, as well as complaints from disadvantaged persons.
- Consult with members of the legislature and other elected officials, to ensure prompt replies to inquires and to agree on a reasonable working agreement between civil servants responsible for responding to complaints and elected officials who take up complaints by the public or by specific groups.
- Set up telephone help lines, to provide information and assistance, and improve employees' phone courtesy.
- Link employees' performance in grievance redress and behavior toward the public to career rewards and penalties.
- Review the training and orientation program for front-line employees and managers.
- Require service agencies to treat consumer complaints as a valuable source of information, which should be systematically analyzed and considered in evaluating policies and programs.
- Publicize the performance of the grievance redress function, and take steps to replicate good practices.

This ideal arrangement may not be practicable even in countries with adequate administrative capacity and civil service commitment. However, *some* means of redress of public complaints must exist in any country, in clearly understandable form, and must be effective and credible. Whatever its specific content, the process must be related to measures to make service delivery and regulatory administration more responsive. A good example are the service feedback units in Singapore, which entertain criticisms of services from the public, and take steps to remove unnecessary regulations and other causes of recurring complaints. As mentioned earlier, the public also has access to the toll-free telephone number of a service quality manager in each ministry. Surveys indicate that the system is working well. In the Philippines, the Citizen First feedback mechanism allows citizens to take action against government employees who are found guilty of wrongdoing or who are slow in responding to their complaints (although follow-up is not as predictable or as energetic as in Singapore).

A central monitoring unit could be set up at the center of government, such as the cabinet office or the prime minister's office, with adequate staff support and under an official with appropriate status and authority. Examples are the central Department for Administrative Reforms and Public Grievances in India, and the Public Complaints Bureau under the Prime Minister's Department in Malaysia and in Mauritius. Such units can independently look into complaints against public agencies, report to the cabinet on the record of the departments in dealing with complaints, and suggest remedial steps (Box 13.9).

Box 13.9
Dealing with Public Complaints in Malaysia

Malaysia set up a Public Complaints Bureau in 1971 as an independent organization to look into complaints against public agencies. The bureau was reorganized in 1992 to strengthen its administrative machinery for monitoring the promptness and effectiveness with which public agencies act on public complaints, and for taking action to correct causes of recurring complaints. The bureau is the main channel through which the public can put forward complaints or grievances regarding: (i) public officials who provide poor-quality services or are discourteous or dilatory; and (ii) administrative actions and decisions that are alleged to be unfair, contrary to existing laws and regulations, or entail misconduct, misappropriation, abuse of power, or other forms of faulty administration.

The bureau is backed by the authority of the Prime Minister's Office and the forum of a Secretaries Committee, in addition to its staff of professionals, enabling it to perform its job effectively and credibly and to enforce compliance by all the departments. Aside from monitoring the response of agencies to complaints it forwards to them, the bureau also investigates important complaints. It reports regularly to a committee headed by the Chief Secretary and consisting of heads of major departments and the police chief, which reviews actions taken by the different departments and issues directives to lagging departments. The public is reportedly well satisfied with the system.

Source: Commonwealth Secretariat. 1996. Current Good Practices and New Developments in Public Service Management. *London.*

Ombudsmen

Several governments in both developed and developing countries have established the institution of the ombudsman. The ombudsman (literally, representative) is a person (or group) of unimpeachable integrity and merit who receives and investigates complaints against actions of public officials, normally with a view to mediating and achieving equitable settlement of the complaint. This independent institution, with its origin in the Scandinavian countries, is a means of requiring government bureaucracies to respond to public complaints of bad or inefficient administration, or failure to follow due process.

The authority of ombudsmen varies widely between countries. They may act only as good-faith intermediaries and advisers, or may be authorized by law to investigate administrative actions and decisions that are alleged to be unfair, contrary to laws and regulations, or entail misconduct, misappropriation, abuse of power, or other forms of bad administration, and to impose sanctions. Sometimes, an anticorruption agency, if one exists, may also handle complaints against the administration, as in Hong Kong, China. Ombudsmen should be appointed through an apolitical process either by the legislature or by the executive in consultation with the political opposition. Ombudsmen normally function at the national level, but there is no reason not to consider a similar office at the provincial or local government level or in large public agencies.

Regarding the effectiveness of the institution of the ombudsman, the evidence is mixed. Effectiveness is determined as much by the willingness of the political system to let the ombudsman function independently as by the personality of the ombudsman. In the Philippines, the ombudsman is a powerful person who can prosecute and punish offenders, but Filipinos give very mixed reviews to the institution, which, to them, has been largely ineffective. Conversely, where the ombudsman has the requisite integrity, energy, and commitment, political leaders are inclined to chafe at the independence of the position, and seek either to control or to neutralize it. In Vanuatu, for example, the ombudsman was given broad jurisdiction over administrative matters, including public enterprises. However, following the tenure of an unusually assertive and active ombudsman, the institution itself was radically altered in 1999 by the political leadership. Indeed, when the institutional environment is unfavorable, the very success of an ombudsman may carry the seeds of its own demise, as the system reacts to prevent the office from acting at all. The institution of the ombudsman in the Solomon Islands, on the other hand, did not have the requisite independence in the first place, as it comprised civil servants, members of parliament, and government nominees, and devoted its attention to complaints from civil servants or to the service conditions of members of parliament, rather than to complaints from the public. (In the UK, citizens deal with the ombudsman only through their members of parliament.)

As in all cases of institutional transfer, countries should exercise caution in importing successful institutions like the ombudsman. The institution succeeded in Scandinavia because of specific local circumstances and the political culture. Indeed, if established as a symbolic gesture with no serious political or administrative will to ensure its efficient functioning for the public good, the institution could damage the credibility of government. But even assuming an independent and honest ombudsman, the institution cannot substitute for the proper functioning of the regular organs of government. In fact, there is no need for an ombudsman if the feedback and grievance mechanisms are functioning very well and the administration is highly responsive, accountable, and effective. On the other hand, an unresponsive and unaccountable government will render even the best ombudsman completely ineffective. Hence, the institution can be an important adjunct to systematic accountability and voice mechanisms, but cannot substitute for them. In periods of transition and change, however, an ombudsman of courage and integrity can be instrumental in supporting the forces for better government, or in preventing a temporary weakness in governance from becoming entrenched and permanent.

KEY POINTS AND DIRECTIONS OF IMPROVEMENT

Key Points

However important they are, periodic elections must be supplemented by other mechanisms for holding the government accountable for its performance in providing public services. "Exit" is the extent to which the users have access to alternative suppliers or to good substitutes for a service. "Voice" is the degree to which the citizens can protest or express their views, in order to influence access to or quality of public services. Exit and voice are complementary, and their relative effectiveness is determined by the characteristics of the service and circumstances of the country. But in general, the poor and marginal groups are particularly limited in both their exit possibilities and voice channels, and special encouragement and facilities are needed.

Concerning *exit*, even when there is no possibility of alternative suppliers the government should behave *as if* the users of the service had a choice, partly because doing so is an essential means of stimulating administrative efficiency. Because service provision is a continuum—from direct government financing and delivery to full delegation to the private sector—exit possibilities may not exist for the entirety of a particular service, but should still be sought for specific aspects of service provision, or a specific geographic area or user group. The clearest exit mechanism is provided by contracting out the service—i.e., the negotiated transfer to the private sector of the implementation of activities financed and previously delivered by the government.

Contracting out can reduce costs and can have other advantages. However, it also carries major financial efficiency and corruption risks, especially in developing countries, where the public administration has limited capacity to negotiate favorable contracts and, more importantly, to monitor their execution in practice. Particularly problematic in this respect are BOT arrangements, whereby the private operator finances the construction, recoups the investment through an exclusive concession, and transfers the assets to the government at the end of the period. Accordingly, contracting out still accounts for a minor proportion of public service delivery in most countries.

Various mechanisms have been elaborated in recent decades to increase citizens' *voice*. A *citizens' charter* is an explicit and public statement of service standards and obligations to serve as a guide for the government agency's behavior, and can vary from a general mission statement to a detailed quasi-contract. Citizens' charters can be invaluable for establishing greater service orientation in government, but only when they are well-designed, forcefully implemented, and accompanied by the needed complementary measures (e.g., agency flexibility in rewarding or penalizing employees.) Absent these conditions, citizens' charters can become a mere formality and harm the credibility of government.

Public consultation and feedback can take a variety of forms, including service user surveys, public hearings, consumer complaints procedures, and so on. Practices vary in different countries, but, in general, consultation must be followed by action if it is to be effective. Lack of meaningful action impairs the credibility of consultation, leading to a decline in participation and eventually a resort to exit options (or to disruptive activities).

The exercise of voice also requires *grievance redress* mechanisms against government organizations and service agencies. A good grievance redress system ideally should include a convenient channel for the citizens to present their complaints, clear procedures setting out the responsibilities of the staff, prompt adjudication of the grievance and communication to the complainant, incentives for employees to behave correctly toward the public, and several other steps. However, regardless of its specific features, the grievance process must always feed back into measures to make service delivery and regulatory administration more responsive.

The institution of the *ombudsman* can be a useful adjunct to a grievance redress system. An ombudsman is a person (or group) who receives and investigates citizens' complaints of inefficient or arbitrary actions of public officials, with a view to achieving a fair settlement. Ombudsmen authority differs widely in different countries, and their effectiveness has been mixed. Originating in Scandinavia, the institution succeeded there because of a supportive institutional and political environment. Even when the ombudsman is in fact a person of energy and integrity, lack of political support for the institution or of the basic mechanisms of accountability in government will render the office ineffective.

Directions of Improvement

In developing countries and transition economies, exit possibilities (in the form of alternative modalities of public service provision) are generally more limited than in developed countries. Correspondingly, in such countries, voice mechanisms of consultation and public feedback are more important to foster government performance and accountability in service provision. In addition, strengthening the citizens' voice also has a beneficial impact on the quality of governance as a whole.

Concerning exit, not only are choices of alternative suppliers of public services more limited in developing countries, but contracting out also presents special risks, especially in BOT arrangements. The weak administrative capacity in these countries renders the government unable to supervise and monitor contract execution effectively. In some cases, contracting out might be the only option to improve a service, or a BOT scheme the only way to obtain the large-scale financing needed for large infrastructural investment needed. In those cases, in addition to scrutinizing the contract very closely, developing countries could consider obtaining specialized assistance from a third party during negotiations, and from yet another independent entity for contract supervision.

Contracting out the delivery of some public services to nonprofit voluntary agencies and community groups does not carry the risks mentioned above. This route also offers creative possibilities for expanding choices for the poor and most vulnerable, for whom exit is literally not an option. However, one must first verify that the community agency is not merely a front for private business groups; prevent its capture by such groups; and assess carefully the long-term impact of the service contracting on the effectiveness of those agencies in terms of their primary function of serving as critics and watchmen of government activities.

Concerning voice, citizens' charters stating the users' rights to certain public service standards can be a strong adjunct of administrative reform, but only when designed well, in participatory ways, and efficiently implemented. This requires substantial administrative and monitoring capacity, as well as a major revision of procedures, delegation of powers, and adequate resources. Consequently, citizens' charters are not a major direction of improvement for developing countries and transition economies, in many of which impressive charters have been promulgated without real ownership by the government agency or the employees, and thus not implemented.

Aside from the specific device of citizens' charters, a much stronger client orientation is essential in public administration of developing countries, where citizens are too often viewed as passive beneficiaries of public services granted by the government. To produce lasting improvement, however, government initiatives in that direction should keep in mind that the interest of specific client groups may differ from those of the taxpayers and the public at large. Also, initiatives should be selective, and focus on the more critical areas of customer dissatisfaction—normally in locally-provided services. Moreover, such initiatives can interact positively with decentralization moves and with participatory approaches to improve the overall quality of governance.

Among the myriad possible mechanisms of public consultation and feedback, particularly effective has been the device of issuing public report cards on the performance and integrity of different government agencies. The lack of profit motive notwithstanding, the desire to stay at the top or to improve a low standing is proving to be a powerful motivator for government agencies in developing countries with representative governance.

The high cost of sophisticated client surveys has sometimes discouraged its use in poor countries. However, since there is no substitute for direct feedback from service users, government agency employees or the citizenry at large, quick-and-simple surveys may still provide reliable information at low cost, especially when conducted by local organizations—provided that basic standards of statistical representativeness are met.

The same is true of grievance redress mechanisms. In their ideal form, such mechanisms can be expensive, and highly burdensome on the limited administrative capacity of developing countries. However, simpler varieties can be explored, suitable to local conditions.

When considering introducing any improvement along the above lines, one should recall that both exit possibilities and voice are especially limited for the poor and more vulnerable groups. Therefore, special measures to address the situation of those groups are a must. In the absence of special measures, improving voice channels will typically entail greater voice for the better-off and the more vocal and, assuming a limited stock of administrative attention, may even reduce service access for the poor.

Similarly, because the potential for voice is stronger in services that are more visible and locally provided, the natural inclination to focus on those services may inadvertently produce neglect of the services that are less visible and those with a regional or national impact. Thus, for example, an increase in users' voice might lead to improving (visible) garbage collection, while (less visible) garbage disposal worsens—producing environmental damage and a probable adverse impact on poor communities less able to keep from becoming the unwilling host of garbage disposal sites. Once again, greater *client*-orientation must be in the context of stronger *citizen*-orientation, and improvements in service efficiency matched by greater effectiveness of the national public administration apparatus as a whole.

NOTES

1 This should be read in conjunction with the discussion in chapter 6 on the continuum of service delivery option. It draws partly on Arnberg in OECD (1996c), Peters (1996), Paul (1995), Girishankar (1999), and World Bank (1997).

2 This section has drawn partly on World Bank (1997), Gidman (1994), Commonwealth Secretariat (1996), Rehfuss (1989), Dehoog in Cooper and Newland, eds. (1997); and OECD (1997c).

[3] See John Brewer, *The Sinews of Power: War, Money and the English State*. Knopf, 1989 quoted in Premchand (1993).

[4] At least in developing countries. In developed countries with open financial markets, this advantage of BOT schemes is questionable. See Heald (1997).

[5] For about 40 years in France for toll-roads and water supply under the name of "Public service concessions." See D. Heald. "An evaluation of French concession accounting." *The European Accounting Review*. 1995.

[6] James Leigland "Privatization of Public Enterprise in Asia: Current Patterns and Emerging Issues" in Naomi Caiden (1996).

[7] The section is adapted from parts of Schiavo-Campo and Tommasi, 1999, chapter 14.

[8] The discussion in this section is drawn partly from Paul (1995); Berry, Pourtney and Thomson, in Perry, ed. (1989); Aitken in OECD (1996c); Feinberg (1997); OECD (1997d, 1998); World Bank (1997); Hirschman (1970).

[9] See, for example, the term "customer-driven government" in the US National Performance Review (1999).

[10] Peters (1996).

[11] Arnberg in OECD (1996c).

[12] Lunde in OECD (1996c).

[13] This subject is discussed at length in chapter 16.

[14] This subject is discussed at length in chapter 15.

[15] This section draws on Commonwealth Secretariat (1996,1995a); and Government of India (1997a).