
TO *SERVE* AND TO *PRESERVE*:
IMPROVING PUBLIC ADMINISTRATION
IN A COMPETITIVE WORLD

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Tempora mutantur, et nos mutantur in illis
(Times are changing, and we along with them)

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FOREWORD

The overarching objective of the Asian Development Bank is the reduction of poverty. The Bank fully understands that to help its member countries meet this long-term objective, the countries' own economic and social policies must be sound and directed toward poverty reduction. In turn, the execution of such policies depends crucially on the efficiency and effectiveness of the country's public administration. The integrity of the government apparatus must be strong as well: the evidence shows conclusively that corruption is not only bad for economic activity, but is particularly harmful to the poor. Good governance, anti-corruption, and economic growth are the cornerstones of a successful poverty reduction effort.

Moreover, the rapid changes in the international context—globalization—in growth of alternative service delivery, and in information technology mandate a review of the ways in which the public sector is administered and governments interact with their people. Vast new opportunities now exist to improve the quality and access of public service provision in developed and developing countries alike. At the same time, however, these rapid changes carry costs and risks, and especially for the poor and vulnerable groups. The twin challenge of improving the effectiveness of public administration while assuring that the poor do not carry the costs of adjustment and get left behind, calls for a perspective that is forward-looking but does not lose sight of the social fundamentals that are to be protected. Hence the title of this book: governments in the 21st century must learn to *serve* the public in better and more responsive ways while acting to *preserve* the social cohesion and basic values of society.

In this task, the Bank can help its member countries not only by financial assistance, but also by putting at their disposal the basic conceptual framework, the principles of good public administration, and the lessons of international experience. This book is the fifth in an ADB series in public administration and civil service issues. We hope that this as well as the earlier books in the series can serve to foster good governance and thereby contribute to poverty reduction in the world. This book, too, benefited from the advice and comments of key ADB staff as well as of top specialists from the major international financial institutions and from

academia—acting as “peer reviewers” in their individual capacity. We are grateful to each and all of them for their active cooperation and contributions.

Tadao Chino
Tadao Chino
President
Asian Development Bank

PREFACE AND ACKNOWLEDGEMENTS

Today, we know much more and much less than yesterday. Once again, as in the Industrial Revolution, several established certainties about the administration of the *res publica*, this “public thing” as the ancient Romans called it, have been swept away by phenomenal technological advance and seismic shifts in the international distribution of power. At the same time, a variety of public management experiments intended to mimic private sector practices and market outcomes have shown a new potential for both vast benefits and severe risks. The rethinking of the role of the state and of its interface with the private sector is in full swing.

During this interregnum, as Christoph Bertram calls the transitional era in which we are living (*Foreign Policy*, Summer 2000), the least responsible approach for a book on public administration would be to give a false sense of certainty about the direction of current trends, and to attempt to give single “right” answers to the various questions facing public administration in future years. It is all the more necessary, therefore, to identify clearly the main questions themselves; recapitulate the basic principles of public administration; provide a menu of systemic choices and administrative practices, along with their rationale and probable costs and benefits; and give a balanced and informed account of the state of play and of international experience in improving the functioning of government. This is what this book tries to do.

This does not imply a wholly neutral attitude and lack of point of view. While the solutions to the challenges of improving public administration must be largely country-specific and partly home-grown, the underlying criteria of good government administration remain universal, and will be as relevant in the next 100 years as they were in the time of Confucius, Plato, Pepys, Mosca or Weber. In particular, a well-known dictum by a 19th century British political personality, Lord Acton, remains paramount: “Power corrupts; absolute power corrupts absolutely.” The overarching challenge remains, therefore, to create robust checks on the exercise of official (and private) power, and to guard against the emergence of absolute power anywhere. Only then does it become meaningful to explore ways in which to improve the efficiency and effectiveness of government action. Indeed, one of the most encouraging developments of

the past decade has been the “official” recognition of the pernicious impact of corruption and of the importance of good governance for development.

Central to development, equity and stability is the *manner* in which the resources mobilized from the population at large are expended by governments to fulfill the roles assigned to the state—in one word, governance. This book is the fifth in an ADB series dealing with the efficiency, integrity, accountability and effectiveness of government action. *Like the previous four, this book highlights international experiences and illustrations in developing, developed, and transition countries, with special but not exclusive reference to Asia and the Pacific. However, it extends beyond this, to a comprehensive coverage of public administration issues—except only the important issues of legal reform and judicial systems, which are too vast and delicate to be summarized in this context.

Again as in the other books in this series, our approach is unapologetically pragmatic, and our objective is a readable and balanced synthesis. We have consistently tried to eschew advocacy of (or opposition to) any particular “model”; reflect fairly the pros and cons of different approaches; distill the best and the worst of international experience with public management innovations; and spell out as far as possible the requirements for success of administrative reform in developing countries and transition economies.

The book is intended for a multiple audience comprising not only public sector management specialists and economists, but also policy-makers, the media, high-level public officials, and the many civil servants who labor in the administrative vineyards of developing countries. Accordingly, we wanted to avoid the feel of pedantry and the discontinuity that are typically generated by vast numbers of footnotes and bibliographical references. (Also, some of the subject matter is general knowledge, included in this volume for the sake of completeness and readers’ convenience. We have therefore kept to a minimum the customary detailed footnotes, and have instead given “all purpose” credit at the beginning of each section to the authors and sources primarily utilized for the drafting of the section.

* The previous four are: *Key Themes and Priorities in Governance and Capacity Building*, 1998; *Managing Government Expenditure*, 1999; *Simplification of Customs Procedures*, November 1999; and *Governance, Corruption, and Public Financial Management*, November 1999. All published by the ADB, they are available through the ADB External Relations Office or the ADB website “adb.org”.

Because of its multiple audience, this book requires in each chapter a progression from the basic to the highly technical. Some readers will therefore want to skip the more basic sections; others may instead wish to stop when the discussion turns to the more technical aspects. Also, some duplication is desirable for the convenience of the diverse readers. Accordingly, Chapter 1 reproduces the same summary of key points shown at the end of each of the other chapters, in order to provide a self-contained overview of the entire field—an “executive summary” of the factual dimensions of the book. The last chapter does the same with the major recommendations and sequencing of reforms in public administration in developing countries and transition economies, in order to provide a bird’s eye view of the likely directions of improvement—an “executive summary” of reform possibilities.

Part I describes the machinery of government—the mechanisms for policy formulation and coordination, the organization of central and subnational government, the distribution of responsibilities between levels of government, and the role and governance of non-governmental public entities. Part II covers the mobilization and utilization of the financial, material and human resources of government—financial management in central and subnational government, procurement, employment and compensation policy, and personnel management and training. Part III discusses the interface between the state and the citizenry, including the mechanisms of voice and exit, participation, and the role of the media and the NGOs. The final Part IV discusses the role of performance measurement, information technology, and anti-corruption measures; summarizes the developed countries’ experience with public management reforms; and outlines the strategy and sequencing of possible improvements in public administration in developing countries and transition economies. An analytical index and a highly detailed table of contents help the reader navigate through the book.

As in the case of *Managing Government Expenditure* (ADB, 1999) the importance of the subject and the scope of this volume called for a consultative process from the very beginning, drawing from the best of international expertise advice on the initial conception and feedback on the various drafts. In this process, our closest partners were from the Public Management Service of the OECD, and particularly Anne-Marie Leroy, Frédéric Boudet, and Janos Bertok, who contributed Chapters 17 and 20. Robert Beschel and Nicholas Manning of the World Bank contributed Chapter 2, and from the ADB Helena Ireen Baylon, Marilyn Pizarro and Clay Wescott contributed to Chapters 5 and Chapter 19.

As mentioned, the active involvement of other colleagues, both at the ADB and external, was instrumental as well, particularly during the technical workshop held in Manila in November 1999 to brainstorm about the core issues and review a first rough draft of the book. The list of commentators is shown below. To them all go our sincerest thanks, but we do wish to single out Dolores Bonifacio, Tony Hughes, Kim Young-Pyoung, Jon Quah, Art Stevenson, and Clay Wescott. The standard disclaimer applies with special force in this case, given the scope of this book and the institutional roles of many of our commentators: responsibility for this book and the views expressed is the authors' and to them should be attributed any remaining errors.

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We began this effort in June 1999. That it has been completed in only about one year must be credited to the enabling environment provided by the Asian Development Bank and its Regional Technical Assistance Grant (RETA 5813), the full support of the Strategy & Policy Department, and the outstanding efforts of our direct associates: Helena Ireen Baylon, who provided research assistance, Lorna del Rosario and Merly Mallion, who organized the November 1999 Manila workshop, Me-an Asico, who edited the final manuscript, and, once again, Ruby Grace de Vera, who provided editorial assistance and was in charge of all aspects of production and communications so essential for this project.

Salvatore Schiavo-Campo and Pachampet Sundaram

