EMPOWERMENT AND PUBLIC SERVICE DELIVERY IN DEVELOPING ASIA AND THE PACIFIC

POLICY REPORT

Asian Development Bank

Empowerment and Public Service Delivery in Developing Asia and the Pacific

Note:
In this publication, "$" refers to US dollars.

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Foreword

I feel very privileged to be associated with this report, which will be presented at the Annual Meeting of the Board of Governors of the Asian Development Bank in New Delhi in May 2013. The general theme of this meeting is "Development through Empowerment," and the report makes a fine contribution toward an understanding of that path to development. The particular subject matter of this study, ably led by Shikha Jha and Anil Deolalikar, is the critical importance of essential services in helping the expansion of human well-being and the reduction of poverty and deprivation, and the part that empowerment of the people can play in facilitating this process. It also discusses the distinct ways in which empowerment of people can be advanced and the kind of results we should expect to see as a result of these constructive changes.

The report is self-contained, with a good statement of the questions asked and the conclusions reached, and it is not necessary for me to re-state here what the authors have discussed very well in the body of the text. However, there is a case for placing the report in a wider perspective. In understanding the background to this enquiry, it is important to appreciate (i) the nature and richness of the idea of empowerment, (ii) the direct and indirect roles of essential services in promoting human empowerment, and (iii) the respective roles of the state and the market in development through empowerment.

Empowerment is integrally related to the expansion of human freedom—the freedom of people, often very disadvantaged people, to be able to do and achieve what they want (and have reason to want). Empowerment can, thus, be seen as enhancement of human capability. But it concerns particularly those capabilities that give a person an ability to catch up with others, and in particular, not be dominated by people in more privileged positions, because of wealth, social standing, or political entitlement.

Consider Aneurin Bevan's famous comment, "The purpose of getting power is to be able to give it away," which Michael Foot separated out for special attention in his biography of Bevan. The remark may initially appear to be mysterious, but it is an eloquent articulation of the fact that the underdogs of society may seek power not so much to use it over others, but to make sure that others do not have power over them. To have power without using it is quite different from not having that power at all. This idea fits generally with the capability perspective, which points to the importance of having the freedom to do something one has reason to value (whether or not one actually chooses to do it). And yet the idea of empowerment goes beyond that. The language of power can be very effective in drawing attention to the conflicting aspects of interdependences involved in social, economic, and political relations. For example, having the power to make public authorities, or private businesses, pay attention to the concerns of the underdogs of society is a quintessential example of significant empowerment. And on this subject (among others), the report has much insight to offer.

Empowerment has importance of its own in advancing human freedom and well-being, but it also helps in the consolidation, advancement, and improvement of essential services, which in turn expand human well-being and freedom. This report is much concerned with these linkages. The contribution of empowerment to the successes of development works indirectly as well as directly. An extensive expansion of the capabilities and freedoms of people (especially less privileged people), and the corresponding enhancement of their powers, are part and parcel of the development process, and there is no need to look for indirect connections in acknowledging the importance of this basic recognition. The ability of people to lead a long and fulfilling life, to be educated and numerate, to avoid suffering from disease and from uncared old age, and other such fundamentally important freedoms must, with good reason, be seen to be constitutive parts of human development.
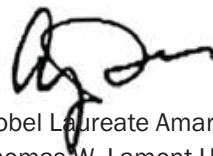
While those direct connections are easy to appreciate, there are also more complicated relations in understanding the different ways in which human empowerment can also contribute to expanding the delivery and use of essential services, like schooling, medical care, social amenities (such as sanitation, water supply, and, of course, environmental preservation). There is a two-way relationship here. To illustrate, just as schooling and medical care contribute to empowering people, people with clearer understanding and articulate voices, and strengthened by good social organization can demand with energy and force more—and better—public services. There can be many indirect connections in enhancing people's power to make strong demand for more facilities, and to insist on good quality of the services offered. And empowerment may reflect itself also in arrangements for monitoring what is offered to the people.

These diverse—but interrelated—connections are particularly worth investigating, both because of their importance and because of their complexity. This report has a great deal to say on these connections: how they work, and what can be done to enhance their vigor and reach.

The third issue concerns the role of the market in providing many of these services, when they can be incorporated within a profit-seeking framework. However, sometimes this becomes difficult to do, because of barriers to successful marketization, which economists have studied for a long time, involving absence of competition, presence of "externalities," the importance of indivisible "public goods," and asymmetric information affecting the relations between buyers and sellers. The motivations of private firms, seeking profits in an aggressive way (e.g., the steps taken by health insurance companies to exclude patients with previous records of serious illnesses or proneness to particular ailments) can also clash fairly comprehensively with fair and just provision of services (in this case of medical services).

There are further issues of instrumental use of markets, even when the planning and support for the services come from the state. The state can deliver some services directly, and often has reason to do so, but in other cases the process of state support for these services (e.g., for schooling or medical care) can make use, to varying extents, of the market mechanism. For example, in providing nutritional support, the state can either provide food to people in kind, or provide income support to the poorer people, leaving them to buy food from the market, with the help of their enhanced cash position. Similarly, alternatives to state-run schools include self-reliant private schools, or private schools that are made to accommodate a certain proportion of non-fee-paying pupils, or a proportion of pupils who have publicly-given vouchers that they can use to go to one private school or another.

There is, thus, a large cluster of difficult choices that have to be faced and addressed in deciding on the right public–private mixture in the provision of essential services, including important issues of efficiency and equity. The report has probingly investigated many of these decisional problems. The choices link very extensively with the role of empowerment of people in making these services available and effectively usable. The terrain of development strategy studied in this report is quite central to the approach of development through empowerment. We have excellent reason to be grateful to the authors of this far-reaching and enlightening report.

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Preface

The delivery of high-quality public services is an essential element of inclusive development. A public services system providing essential food, health services, and medical care to vulnerable sections of the population can bring the essentials of livelihood within easy reach of people whose lives may remain otherwise untouched by income growth.

Developing Asia has seen impressive economic growth in recent decades. This has expanded the resources available for publicly provisioned services, bringing significant progress in improving social outcomes, particularly in education and health. However, the expansion and quality of public services in the region has seriously lagged behind the pace of growth. The region simply has to do better in delivering essential public services if it wishes to continue improving the quality of life for millions of its people.

This study on how citizens' voice and empowerment can improve the delivery of public services by increasing the accountability of the state is the first regional report on empowerment and inclusive development. It provides important analysis for policy makers, businesses, academics, and civil society, as it shows how the quantity and quality of public services in a country can be improved, if the government actively solicits citizen participation and citizen feedback in service delivery.

Equally important is the caveat that citizen empowerment alone is not enough to guarantee quality public services. Empowerment must go hand in hand with changes in governance and changes in the way public institutions, such as the bureaucracy, judiciary, and frontline providers, view clients and go about their day-to-day business. Naturally, this is a much more difficult task, but a critical one going forward.

The study highlights two factors that have improved governance and service delivery in the region: (i) partnerships among governments, private groups, and nongovernment organizations in delivering basic services, and (ii) the use of information and communication technology (ICT) to streamline bureaucratic processes, deliver public services, and empower people through better access to information and voice creation. Partnerships and ICT in developing Asia have expanded considerably in the last decade and hold great promise for the future. Both require greater involvement and engagement by the public sector in public service delivery—not necessarily as a provider but increasingly as a facilitator.

I congratulate the authors of the study and look forward to the role the region will play in empowering citizens and communities for more and better public services in the future.

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Highlights

This policy report examines the role of peoples' empowerment in improving the quantity and quality of public services. The basic foundation of the report is Amartya Sen's influential work on freedom, participation and agency—his approach to empowerment as the process of enlarging a person's "functionings and capabilities to function, the range of things that a person could do and be in her life" (Sen 1999:75).

Economic Development and Public Services in Asia: Persistent Challenges

Despite the remarkable progress in poverty reduction and achievement of several Millennium Development Goal (MDG) targets in developing Asia, the lives of many of the poor remain untouched. Indeed, the astounding progress made is matched by persistent hunger, high poverty rates, increased inequality, gender imbalances, and lack of decent employment opportunities for a large number of the poor—left behind by rapid economic growth in many countries across the region.

Many Asian governments provide essential public services—education and medical services, for example—for citizens to lead better lives and benefit from economic progress. While public services have improved considerably, the level of services provided remains low, with the quality of services and access to services by the poor varying widely across countries.

Where large-scale provisions of education, health care, drinking water, and sanitation services occur, there is significant progress in social outcomes. The remarkable increase in access to primary schooling has led to substantial gains in the average number of years of schooling and near-universal net primary enrollment rates. The notable rise in life expectancy and fall in under-5 mortality rates are hallmarks of Asia's overall advance in health outcomes.

However, the exceptional achievements in aggregate social developments in the region are masked by uneven gains at the country level. Results in several individual countries leave much to be desired. Unequal access of the poor to public services in many countries means that the benefits largely accrue to those who are better off, thus perpetuating disparities in distribution. The quality of services suffers from teacher and health worker absenteeism in government schools and public clinics.

Lack of transparency and weak governance encourages corruption, rent seeking by public service providers, and misappropriation of public funds meant for service delivery. Private sector providers find it difficult to start a business, enforce a contract, get electricity connections, and resolve insolvency. The impact of poor governance varies across services. Some countries are particularly prone to poor regulatory quality and other governance issues.

Empowering Citizens for Better Service Delivery

The concept of empowerment used in this report follows Amartya Sen's rights, entitlements, and capability approach, emphasizing the freedom of choice, capability, and opportunity. Empowered people should be free to choose what they want to do, have the functional ability to put those choices into action, and have an enabling environment that allows them to actually perform those actions.

Access to food, safe drinking water and sanitation, and communicable disease control are vital for citizens and communities to function well. Schools as well as early childhood and literacy programs enhance human capital. These are essential ingredients to build empowerment.

Many Asian economies have adopted a rights-based approach to specific social services and basic necessities, as well as the right to information. Rights to health, education, clean water, and social protection are widely prevalent across the region. Rights-based citizen entitlements are legally enforceable with specific roles and responsibilities for implementing authorities and criteria established to identify eligible beneficiaries.

Though backed by legal or constitutional provisions, these rights in practice are difficult to enforce in developing countries. Limited fiscal resources pose the biggest challenge in implementing a rights-based approach, especially in low-income countries. Furthermore, those better off take advantage of legalized rights more often than the poor. In Brazil and India, for example, litigation cases are concentrated more in affluent than poor areas, and on tertiary than primary education.

Community participation in service delivery makes the users aware of necessary minimum levels of public services to function well, and gives them voice. The capacity for collective action empowers citizens to improve social accountability. There has been extensive and growing use of participatory development in many developing countries.

Citizens' participatory monitoring of service providers allows for direct accountability. Participatory monitoring and evaluation tools—such as citizen report cards, community score cards, social audits, and grievance redress systems—work best with transparent dissemination of information. Social accountability mechanisms effectively expose corruption, increase awareness of entitlements, empower people to claim their rights, and facilitate citizen engagement in the service delivery process.

However, citizen empowerment can only improve the quality of public services if there are complementary reforms in public management. These reforms encompass the bureaucracy, the political process, the judiciary, and frontline service providers. Even though some Asian countries have improved governance structures, there needs to be a systemic reform within many bureaucracies to create a genuinely transparent and accountable mode for good governance.

Public Service Provision through Public–Private Partnerships

Governments can improve access to and the quality of public services by leveraging or partnering with the private sector and nongovernment organizations (NGOs) in service delivery. The use of public–private partnerships (PPPs) has expanded in recent years in developing Asia to reduce the risks and responsibilities of the state, lower fiscal costs, and extend access to quality public services.

Greater involvement and proliferation of partnerships with non-state entities in providing services requires more effective state regulation. As household incomes rise, there is a growing preference for non-state providers, usually seen as offering better services. The shift in government role from service provider to service facilitator must be accompanied by stronger state regulation and controls for ensuring accountability.

The Double-Edged Impact of Information and Communication Technology on Empowerment and Service Quality

Information and communication technology (ICT) has proven to be a powerful tool for improving both the demand and supply sides of public services. It can empower people through easy access to better information on the performance of service providers, making it easier for citizens to monitor performance.

Great improvement in a government's internal efficiency is possible through modern technology, e-governance, improved transparency, and expedited service provision.

Most successful ICT interventions that improve public service delivery are implemented through partnerships among several public and private agencies.

Policy Priorities for Developing Asia

Essential public services to protect the poor and vulnerable groups and promote inclusive development are the government's responsibility. When markets do not exist or are inadequate, private providers have an incentive to cut corners in providing public services. Under these circumstances, efficient public service delivery requires state involvement as a financier or provider.

Governments should actively solicit citizen participation and citizen feedback—more generally empowering citizens and communities—in matters related to service delivery. There is considerable evidence from developing Asia and the Pacific to suggest that citizen and community empowerment mechanisms—including rights-based entitlements, participatory performance management, and community participation in service delivery—increase accountability of the government and public providers to citizens, thereby improving service delivery outcomes.

Citizen and community empowerment can improve the quality of public services, but only if there are complementary governance reforms. Reforming the bureaucracy, the political process, the judiciary, and frontline service providers is a prerequisite to effective empowerment. If state institutions are impervious to demand pressures in the manner in which they do business, little will change.

PPPs are an effective means to expand access to and improve the quality of basic services. In developing such partnerships, it is essential to properly match the provider with the type of public service being contracted. It is also essential to design a compensation scheme sufficient for non-state providers to provide high-quality services to the poor. Government regulation of non-state providers is also important.

Through transparency, as well as awareness of and access to information, ICT enables citizens to demand improvements in the efficiency of service provision. In most countries in the region, e-delivery of services and usable content has lagged far behind available infrastructure. Demand for ICT services is fragmented. Public–private–NGO partnerships and social venture funds are essential for widening the spread of e-delivery of public services.

Data on the quality of public services are woefully inadequate in much of developing Asia and the Pacific, with few countries employing a system of routine data collection on service quality. Governments in the region need to begin collecting data on the provision and quality of public services on a regular and consistent basis. A good start would be an agreement on a common set of indicators of service provision and service quality in different sectors.

Introduction

Developing Asia and the Pacific has made great strides in reducing poverty and is an early achiever in attaining some of the 2015 Millennium Development Goal (MDG) targets—notably, improving access to safe drinking water, promoting gender equality, achieving universal primary education, and preventing the spread of HIV/AIDS, malaria, and other communicable diseases. However, the region remains home to two-thirds of the world's poor, with over 800 million people living below $1.25 a day and 1.7 billion surviving below $2 a day (Brooks et al. 2013). Moreover, the progress toward the MDGs has been uneven across subregions (UN 2012). The region as a whole still faces moderate to high levels of hunger and maternal mortality and lack of productive and decent employment. Furthermore, inequality in the region has risen in the last two decades, creating a new rich–poor social and economic divide (ADB 2012a).

Provision of adequate and high quality public services is critical to making continued progress in reducing poverty, achieving the MDGs, and addressing inequality in developing Asia. A public delivery system that is geared to the needs of the community and that provides food (and nutritional requirements), health services, medical attention, educational facilities, and other basic amenities of living can bring the essentials of livelihood within easy reach of people whose lives may otherwise respond very slowly—or not at all—to the growth of average gross domestic product (GDP).

More generally, essential public services are considered vital for human functioning and personal well-being (e.g., safe drinking water and sanitation, communicable disease control), societal functioning (e.g., safety and environmental standards, settlement of land and property disputes, and law and order), economic activity (e.g., electricity, roads, and telecommunications infrastructure), and human capital formation (i.e., schools, early childhood programs, literacy programs, etc.).[1] Other services, including agricultural extension services for farmers, family planning programs, and supplemental income assistance schemes, are deemed necessary to achieve national development objectives, such as income redistribution, poverty alleviation, and population stabilization. By improving the quality of human capital, public services support long-term economic growth.

Governments can provide public services to their citizens either directly (i.e., via government providers) or indirectly (via private or nongovernment providers who are financed or subsidized by the government for providing these services). Despite significant progress, the level of service provision in developing Asia remains low, and there are large differences across countries in the quality of and access to services by low-income groups and the poor. Ensuring adequate delivery of quality public services and equal access to these services by everyone in the society requires policy actions in many areas, such as strengthening administrative capacity, effectiveness of the judiciary, efficiency and governance quality of frontline public service providers, and empowering citizens.

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[1] For instance, the PROBE public report on basic education in India proclaims that "elementary education is a fundamental right of every child. Guaranteeing this right is not just a matter of welfare or development, but one of basic social justice" (The PROBE Team 1999).

Progress and Problems in Service Provision in Developing Asia

Improvements in Service Delivery and Outcomes

In much of developing Asia, significant progress has been made in recent decades in the delivery of public services. This is especially evident in education, health, drinking water, and sanitation services.

The expansion of education facilities has resulted in most countries in the region having near-universal net primary enrollment rates, exceeding the global average of 90.7% (Figure 1). School expectancy has also increased impressively. In East Asia and the Pacific, the average number of years of schooling a child can expect to complete has increased from about 7 years in 1970 to 12 years in 2010 (Figure 2), while in South and West Asia, the number has increased from about 5.5 years to a little over 10 years. In South and West Asia, which was home to the largest number of out-of-school children in 1990, the number of primary school-aged out-of-school children declined from 39 million in 1990 to only about 13 million in 2010 (with most of the decline occurring from 2000 to 2010), indicating remarkably improved access to primary schooling (Figure 3).

Figure 1. Net Primary Enrollment Rates, 2010
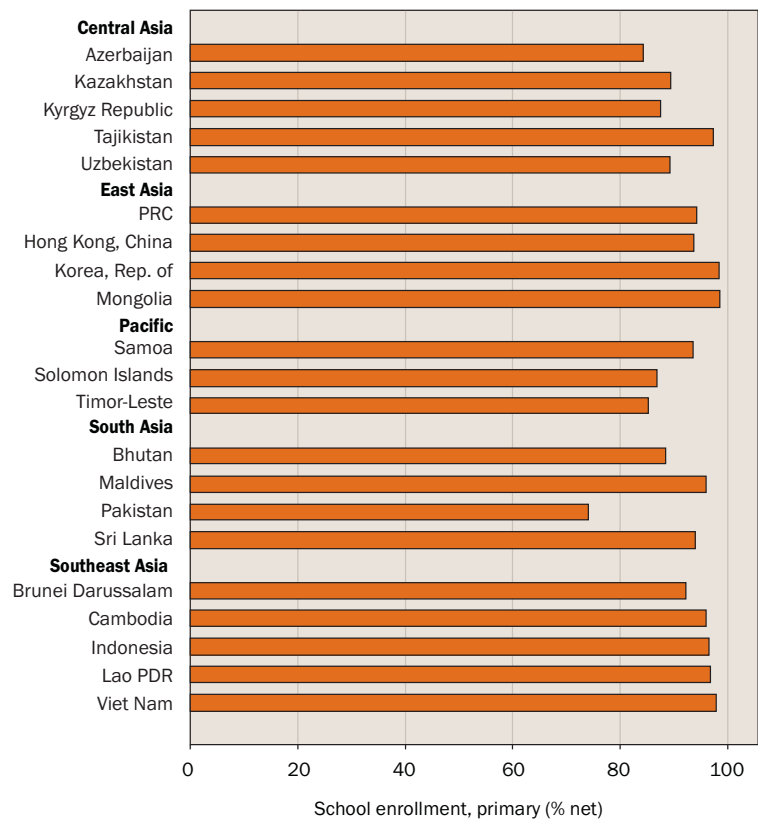
Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: World Bank. World Development Indicators Online. http://data.worldbank.org/data-catalog/world-development-indicators (accessed 1 April 2013).

Figure 2. School Life Expectancy in Years
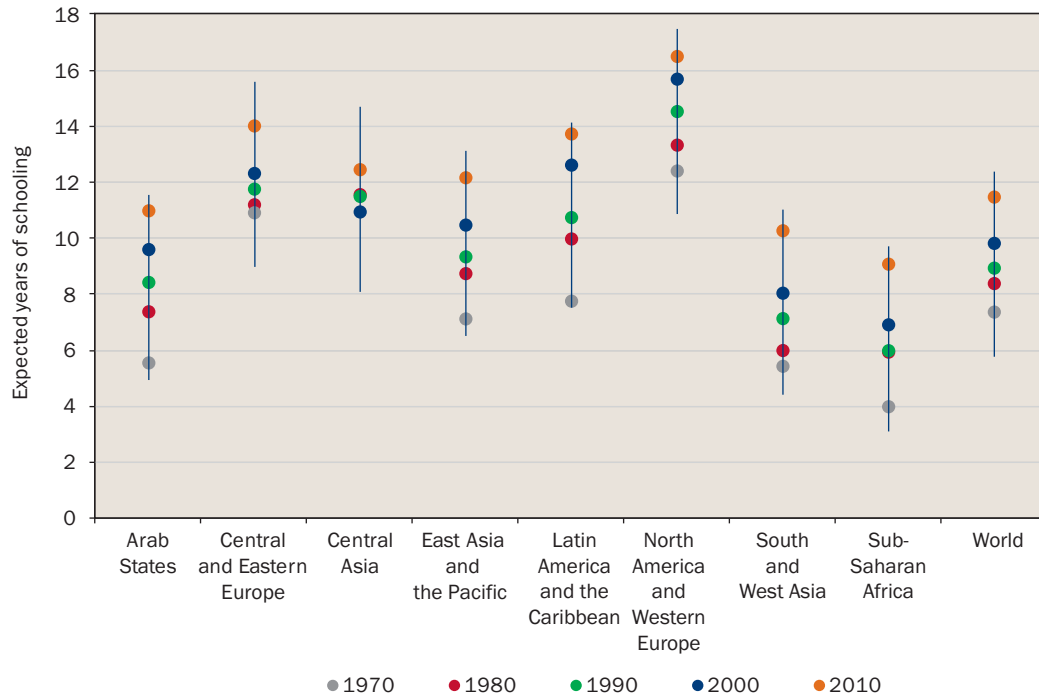
Note: Regions pertain to UNESCO regions. See http://www.unesco.org/new/en/unesco/worldwide/ for the list of countries belonging to each region.

Sources: UNESCO Institute of Statistics. Online Database. http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx; World Bank. Education Statistics online database. http://databank.worldbank.org/data/databases.aspx (accessed 3 April 2013).

Figure 3. Global Number of Out-of-School Children of Primary School Age
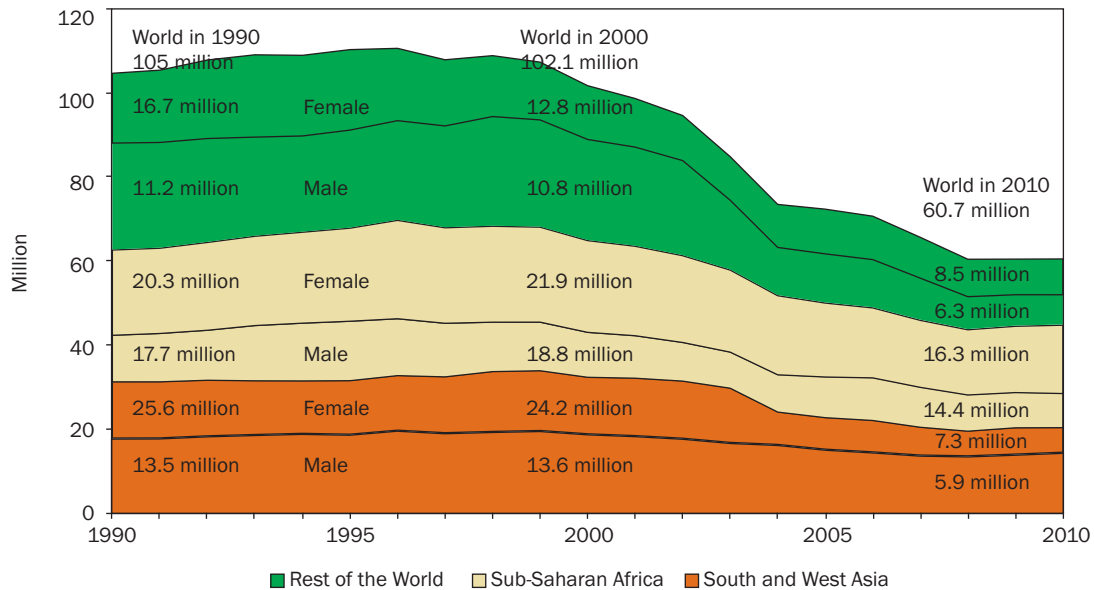
Note: Regions follow UNESCO classification. See http://www.unesco.org/new/en/unesco/worldwide/ for the list of countries belonging to each region.

Source: UNESCO Institute of Statistics. UNESCO eAtlas of Out-of-School Children Online Database. http://www.app.collinsindicate.com/uis-atlas-out-of-school-children/en-us (accessed 3 April 2013).

Asia's overall performance in health outcomes has been equally impressive. Between 1990 and 2009, average life expectancy at birth increased by 6 years in the two World Health Organization (WHO) regions that span Asia—South and Eastern Asia and the Western Pacific (Figure 4). This was the largest increase in life expectancy of any world region. Under-5 mortality rates have also fallen significantly in developing Asia. Bangladesh, Indonesia, the Lao People's Democratic Republic (Lao PDR), the Maldives, and Nepal are countries whose under-5 mortality rates were higher than the global average in 1970 but significantly lower than the global average in 2011 (Figure 5).

Figure 4. Average Life Expectancy at Birth
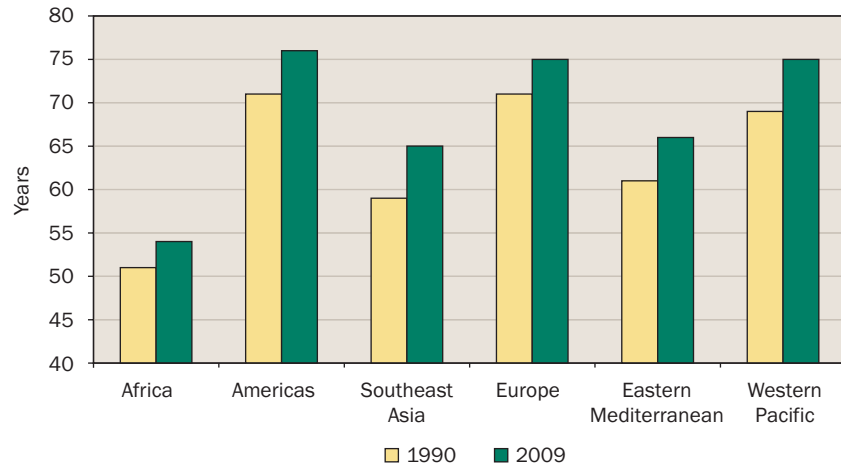
Note: Regions follow WHO classification. See http://www.unsystem.org/scn/archives/rwns04/ch53.htm for the list of countries belonging to each region.

Source: World Health Organization. World Health Statistics. http://www.who.int/gho/publications/world_health_statistics/2012/en/ (accessed 1 April 2013).

Figure 5. Trends in Under-5 Mortality Rate in Selected Asian Countries
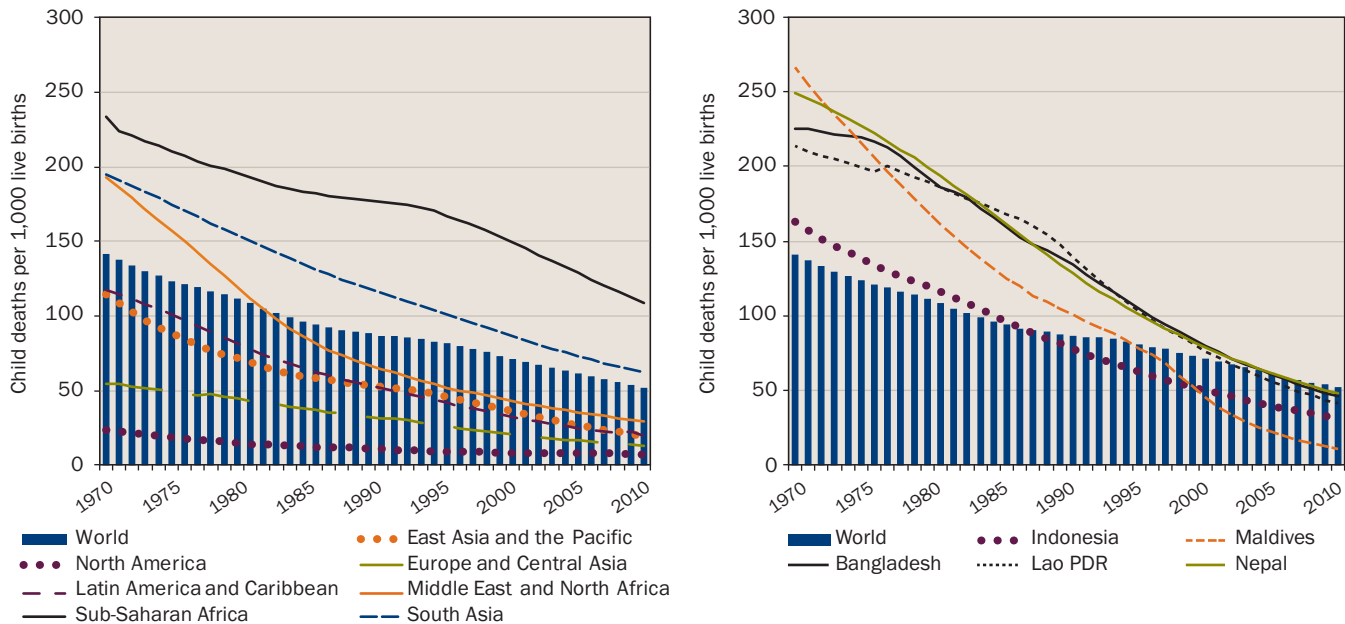
Lao PDR = Lao People's Democratic Republic.

Note: Regions follow World Bank classification. See http://data.worldbank.org/about/country-classifications for the list of countries belonging to each region.

Source: World Bank. World Development Indicators Online. http://data.worldbank.org/data-catalog/world-development-indicators (accessed 1 April 2013).

The improvements in educational and health outcomes in large part reflect expanded population access to publicly provided schooling and health care services. The latter in turn have been made possible by the region's rapid economic growth, which has increased the resources available for publicly provisioned services. Of course, as incomes have increased, there has been a huge increase in privately provided health and education services as well, and this has also contributed to improved health and education outcomes.

However, although Asia has performed well in the aggregate in education and health services, the performance has been uneven across countries. For instance, in Sri Lanka, almost the entire population has access to education services and school attendance by primary-school-aged children is close to 100%. Viet Nam and Indonesia follow closely, but Bangladesh, Bhutan, and Pakistan fall below 90% attendance rates among primary children (Son 2012). Despite impressive increases in schooling attainment, South and West Asia has the second lowest expected schooling years of any world region, next only to Sub-Saharan Africa.

As regards other public services such as basic infrastructure, access to water and sanitation vary widely across the region and increased in virtually every Asian developing country in recent years (Khan and Zhuang 2013; Figures 6 and 7). However, the access varies across countries. The largest relative increases occurred in Lao PDR and Cambodia, although the levels of access in these countries are still among the lowest in Asia. Among the low- and middle-income countries, the Philippines, Sri Lanka, and Viet Nam tend to have good access to safe water and sanitation. In general, across much of Asia, access to safe water is better than access to sanitation. Figure 8 shows population access to electricity across the same set of countries in 2009. Again, relative to their income, the Philippines, Viet Nam, and Sri Lanka have relatively widespread access to electricity, while Afghanistan, Bangladesh, Cambodia, and Myanmar rank relatively low on this criterion. The Appendix to this report presents examples based on selected ADB projects on the variety and mix of different types of services that can be provided either separately or jointly to improve the outcomes.

Figure 6. Access to Improved Water Sources in Selected Asian Countries
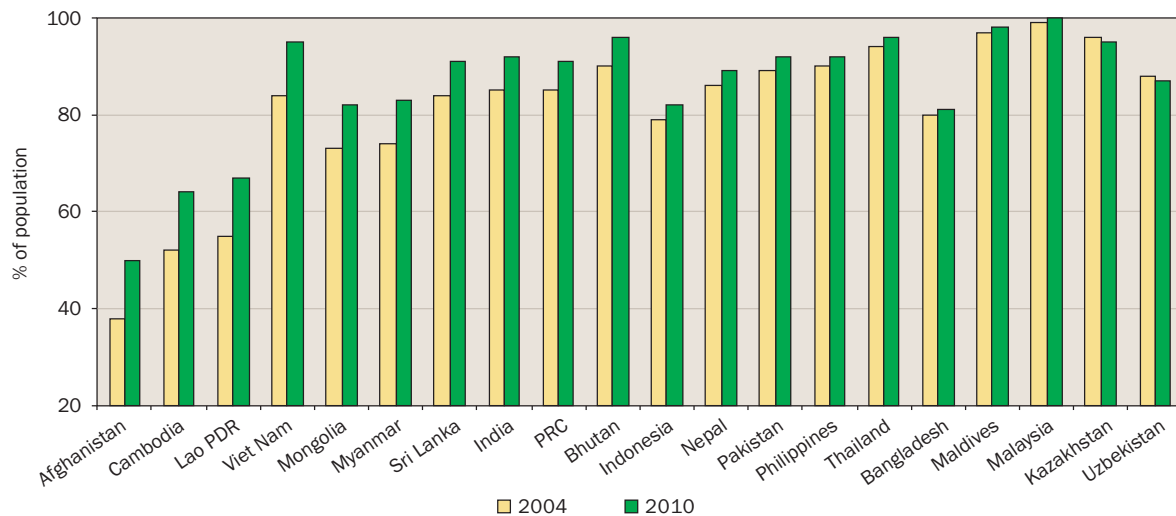
Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: World Bank. World Development Indicators Online. http://data.worldbank.org/data-catalog/world-development-indicators (accessed 1 April 2013).

Figure 7. Access to Improved Sanitation in Selected Asian Countries
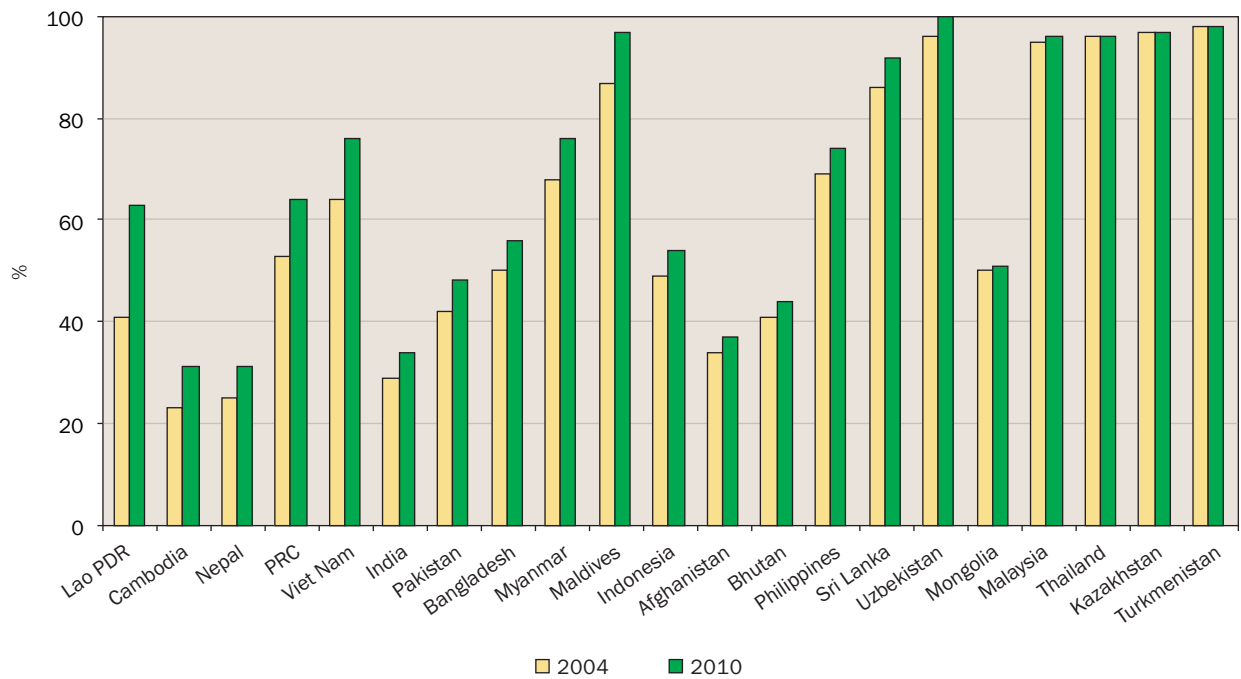
Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: World Bank. World Development Indicators Online. http://data.worldbank.org/data-catalog/world-development-indicators (accessed 1 April 2013).

Figure 8. Access to Electricity in Selected Asian Countries, 2009
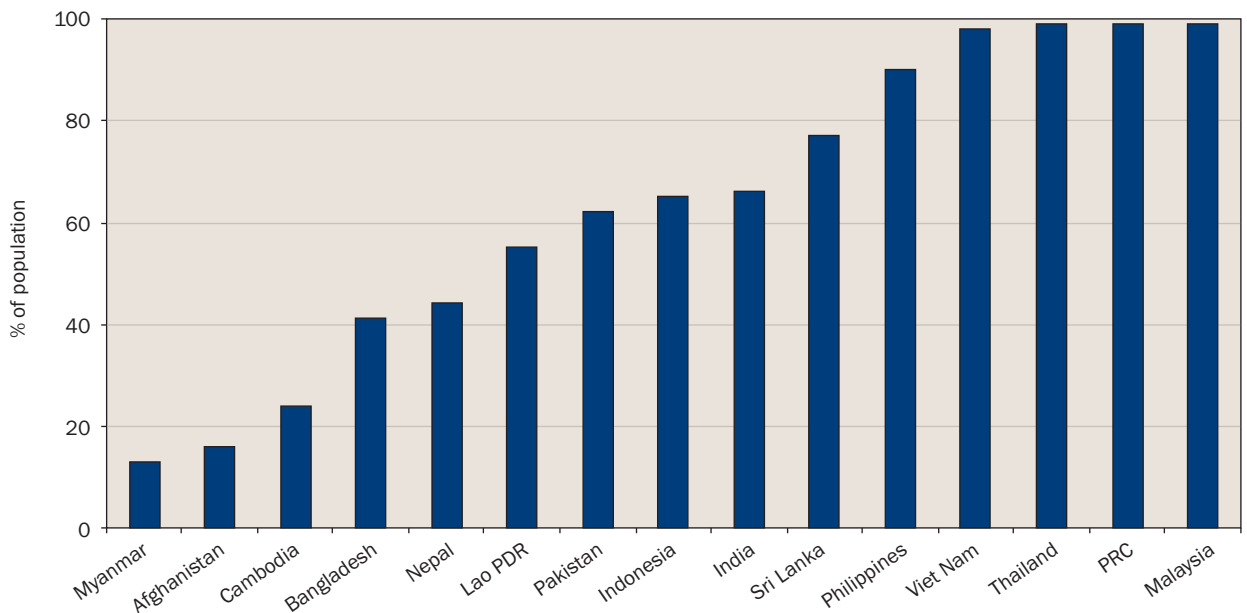

Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: World Bank. World Development Indicators Online. http://data.worldbank.org/data-catalog/world-development-indicators (accessed 1 April 2013).

Disparities in Access

Impressive country-level performances mask the distributional disparities in access within countries. The benefits of public services tend to accrue disproportionately to the nonpoor, while the amounts spent by governments on services the poor need most, such as primary education, preventive health care, and drinking water, are limited. Inequalities in access to health services such as immunizations and delivery of births are evident. For example, residents in Pakistan face unequal access even as the government spends less than 1% of GDP (Akram and Khan 2007). Provincial expenditures in rural areas are generally regressive except for preventive measures. In the Philippines, not only do the poor have lower access to health care services, their access relative to the nonpoor declined over the 10-year period from 1998 to 2007 (Son 2009). Access by the poor to skilled health personnel during child delivery is much lower compared to that by the rich in most Asian countries (Table 1).

Table 1. Percent of Women Who Received Skilled Antenatal Care

Country	Year	Wealth quintile				
		Lowest	Second	Third	Fourth	Highest
Bangladesh	2007	22.4	27.7	37.4	56.8	79.8
Cambodia	2005	55.2	63.7	68.4	77.6	90.2
India	2005/06	52.0	64.5	76.4	87.7	96.2
Indonesia	2007	82.2	92.1	95.5	98.5	99.2
Nepal	2006	17.7	30.5	38.4	60.7	84.1
Pakistan	2006/07	36.9	48.3	61.4	73.7	91.9
Philippines	2008	77.1	91.4	95.9	97.6	98.3
Viet Nam	2002	51.7	61.7	68.9	78.8	97.0

Note: Data is for the most recent birth in the 5 years preceding the survey by wealth quintile.

Source: Wang et al. (2011).

Wealth-influenced inequality in education persists. In Bhutan, the net attendance rate for primary schooling for the top quintile households (based on per capita household expenditure) was more than twice as high as that for the bottom quintile. In Pakistan, it was about twice as high (ADB 2012a). A nationally representative socioeconomic survey of 41,500 rural and urban households in India revealed that while only 9% of 8-year-olds in the poorest quintile could read a story, 32% of those in the richest quintile could do so (Figure 9). Likewise, only 4% of the poorest 8-year-olds were able to do division; 18% in the richest quintile could do so. Moreover, only 39% of the poorest 8-year-olds were able to pass an English writing test, while 72% of the richest could do so. Data from Sri Lanka similarly noted that the test scores of students from the richest quintile far exceeded the scores of the poorest students (Figure 10).

Figure 9. Ability to Read a Story by Expenditure Quintile, Children 8–11 Years Old in India, 2005
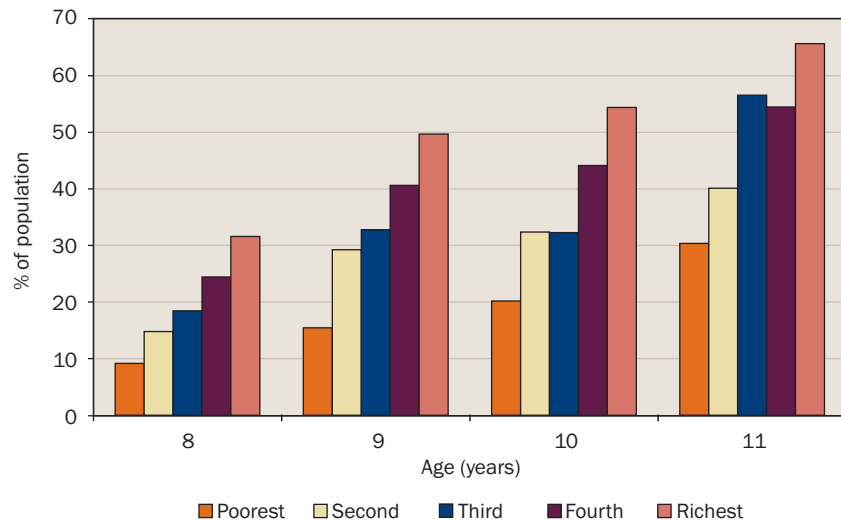
Source: Data Sharing for Demographic Research. *Indian Human Development Survey*, 2005.
http://www.icpsr.umich.edu/icpsrweb/DSDR/studies/22626

Many countries, such as those in East Asia, Central Asia, and Southeast Asia, have made progress in achieving gender equality in secondary education. Gender gaps in South Asia and other countries in Southeast Asia and the Pacific, however, remain wide (ADB 2012a). Afghanistan's decreasing ratio of girls' and boys' secondary education should be alarming. There has been a considerable achievement in improving people's health in Asia, but health inequality is still a problem. Figure 11 shows infant mortality rates for those in the bottom quintile of wealth against those of the top quintile for countries classified by region, and it indicates developing Asia's poor performance in reducing disparities in infant mortality by wealth quintile.

Figure 10. Test Scores of Grade 4 Students in Sri Lanka, 2003
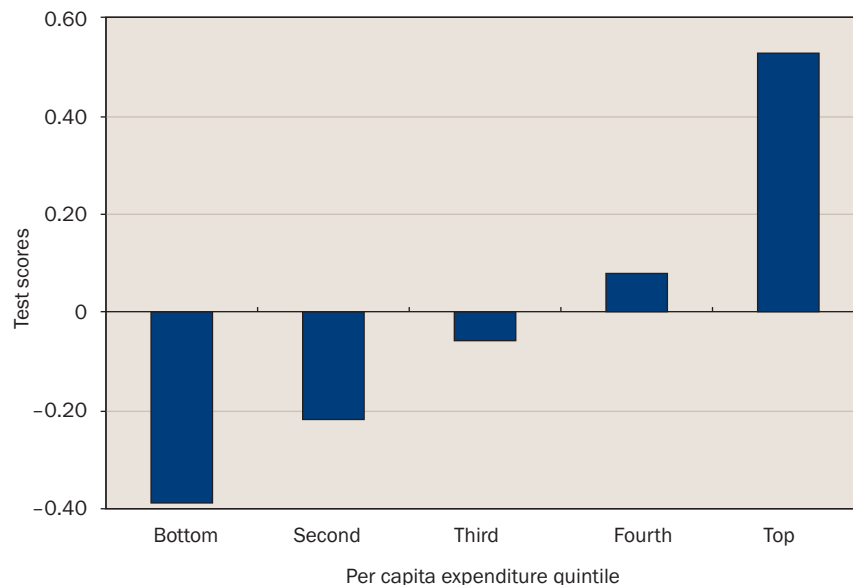
Note: Test scores are measured in terms of standard deviation from the national average.
Source: Aturupane, Glewwe, and Wisniewski (2007).

Figure 11. Disparities in Infant Mortality Rate, Urban
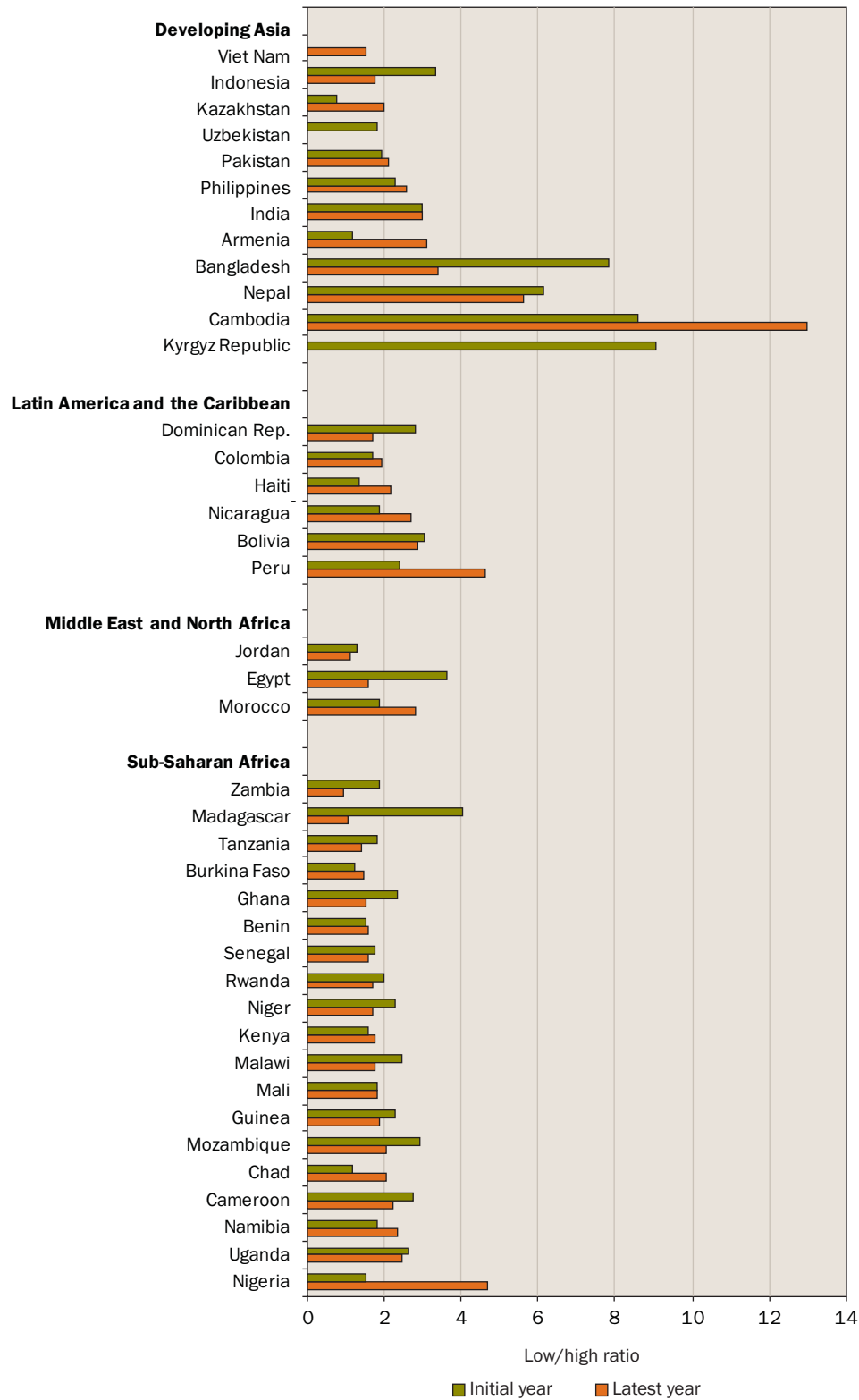
Note: The low/high ratio shows the ratio of infant mortality rates for those in the bottom quintile of wealth versus those in the top quintile. Initial year refers to earliest year in the 1990s (except for Armenia and Cambodia, which refer to 2000) and latest year in the 2000s for which data are available.

Source: Asian Development Bank (2012a).

Issues of Service Quality

Measuring the quality of public services is not easy. One approach involves gathering information from users on their level of satisfaction with public services, but this can be problematic because of differences in user expectations. In places where service quality is consistently poor, clients have very low expectations of public providers and can report satisfaction with even very low levels of quality. Another approach, which is being increasingly used in the education and health sectors in many countries, is to measure the rates of absence of public providers from their workplace. Unannounced random visits to schools and health centers, for example, are now established methods to estimate teacher or health worker absenteeism rates (Chaudhury et al. 2006; Kremer et al. 2011; Muralidharan et al. 2013).[2] By measuring direct outcomes and by combining them with available subnational data, these measures provide a more fine-tuned and accurate picture of the state of public service provision.

The issue of absenteeism among teachers in government schools and health workers in public clinics was prominently discussed in the *World Development Report 2004* (World Bank 2003). The evidence of poor service quality in health and education has only grown since then. A recent study for India found that despite substantial improvement in several measures of school quality, including school infrastructure and pupil–teacher ratios, teacher absence rates had barely changed between 2003 and 2010 (Figure 12 and Muralidharan et al. 2013). However, there were wide variations across states, with some, such as Punjab, Chattisgarh, Uttaranchal, Bihar, and Assam, experiencing large declines in teacher absence rates but other states (e.g., Himachal Pradesh, Madhya Pradesh, and Uttar Pradesh) experiencing a worsening of the situation.

Muralidharan et al. (2013) found strong evidence for the hypothesis that better monitoring of public schools and teachers reduces teacher absences. Villages where schools had been inspected in the 3 months preceding the survey had teacher absence rates that were 6.5 percentage points (about a quarter) lower than those that had not been inspected. They calculated the fiscal cost of teacher absences from public schools at about $1.5 billion per year, and estimated that investing in improved governance by increasing the frequency of teacher monitoring would yield a ninefold return on investment.

Another study for Indonesia, using a nationally representative survey of public primary schools, found a national teacher absence rate of 19%, with almost half of the absences due to unacceptable reasons. Usman, Akhmadi, and Suryadarma (2007) found highly educated teachers, contract teachers, and less-experienced teachers to have higher absence rates. Unlike Muralidharan et al. (2013), Usman, Akhmadi, and Suryadarma (2007) found that inspections, sanctions, and community involvement did not seem to increase teacher attendance, which they attribute to sanctions on shirking teachers rarely being implemented. However, they did find evidence to suggest that teacher recognition programs work in reducing teacher absences.

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2   Likewise, instead of relying on subjective assessments of corruption, public expenditure tracking surveys (PETS) are now widely used to follow the flow of funds (Reinikka and Svensson 2003; Koziol and Tolmie 2010).

Figure 12. Absence Rates of Teachers in Rural Public Schools by State, India
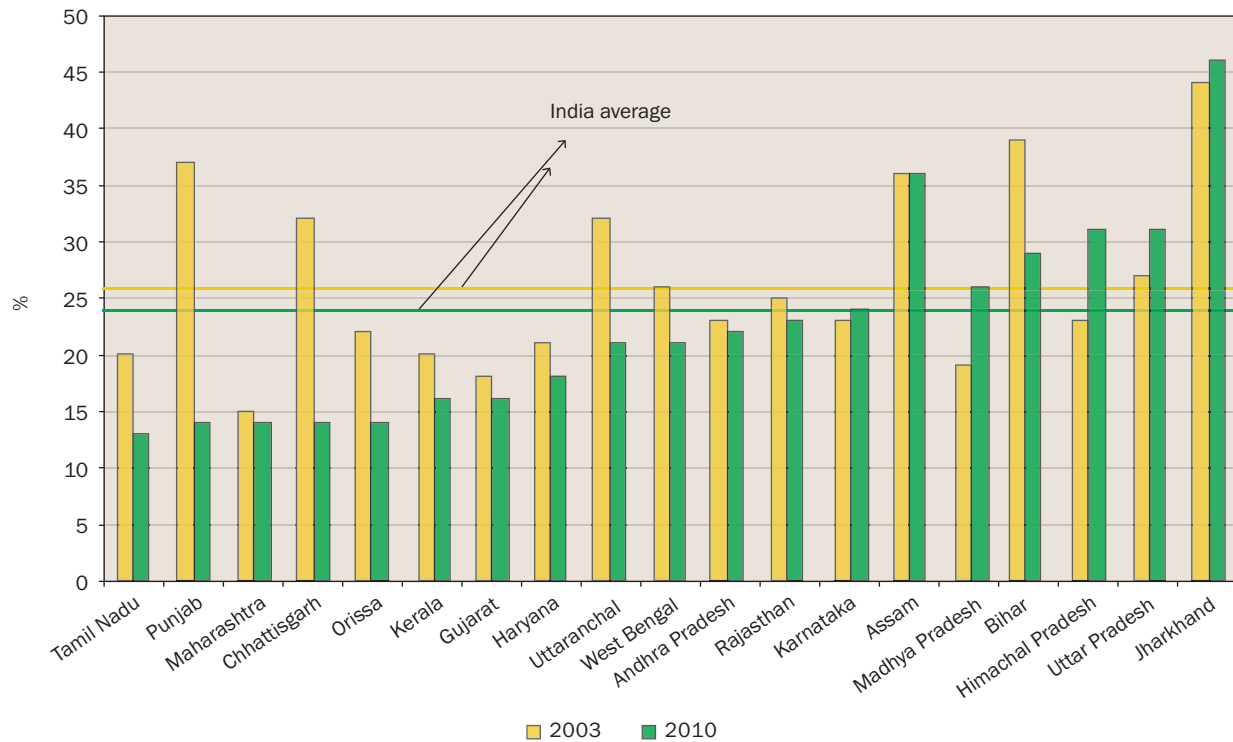
Source: Muralidharan et al. (2013).

The evidence suggests that the situation is even worse in the health sector: Chaudhury and Hammer (2004) found that the absence rate for doctors in health clinics in Bangladesh was as high as 40%. In cases where monitoring was poor, absence rates were even higher: single doctors posted to the most remote rural clinics were absent 74% of the time. For primary health centers, Chaudhury et al. (2006) found absence rates ranging from 25% in Peru to 40% in India, and Banerjee, Deaton, and Duflo (2004) found absence rates of 45% in local health centers in rural Udaipur (Figure 13).

Of course, the mere presence of a health worker does not guarantee a high quality of health services: health workers may resort to rule-of-thumb decisions and overmedicate patients rather than follow through with time-intensive diagnosis. Das and Hammer (2004) evaluated the quality of doctors in Delhi by testing their ability to diagnose and treat a range of common illnesses. The authors presented doctors with a set of five hypothetical cases (vignettes) and asked how they would treat these cases. The average quality of doctors was found to be very low; for diarrhea, a common illness in developing countries, the probability that an average provider gives the correct treatment—oral rehydration therapy—is as low as 30%. Even if doctors were able to provide the correct treatment in the hypothetical cases, they often deviated from the textbook treatments when treating real-life patients.

Figure 13. Provider Absence Rates in Selected Countries, 2003–2005
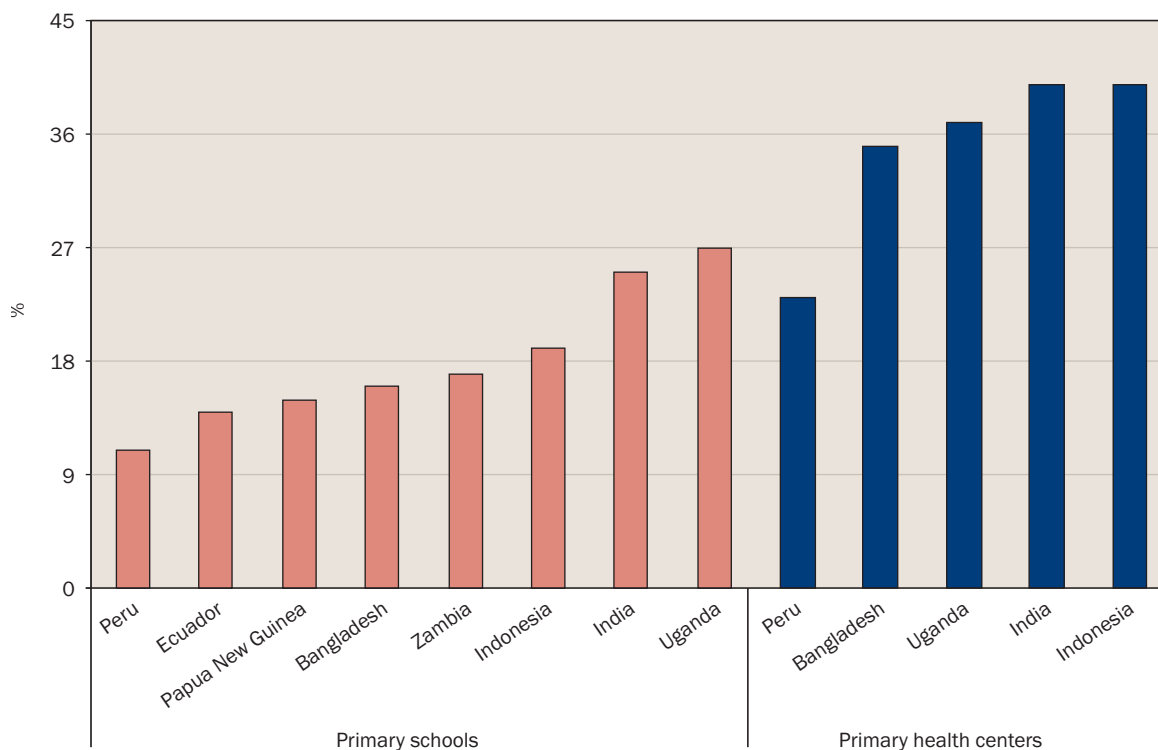
Source: Chaudhury et al. (2006), NRI and World Bank (2003), Das et al. (2005).

The low quality of public services in education results in poor student learning outcomes. The Organisation for Economic Co-operation and Development (OECD) Programme for International Student Assessment (PISA), an international comparative survey of 15-year-olds' knowledge and skills in reading, math, and science, was administered in 2009 to children in 75 countries around the world. Relatively few of these countries were in Asia. The PISA 2009 results (Figure 14) indicated that while students in some countries in Asia (Hong Kong, China; Singapore; and the Republic of Korea) have superior learning outcomes (indeed, they perform better than students in many European countries and the United States), students in developing Asia (i.e., India, Indonesia, Kazakhstan, and the Kyrgyz Republic) perform quite poorly. Two Indian states, Tamil Nadu and Himachal Pradesh, participated in PISA 2009 for the first time, as did Shanghai, People's Republic of China (PRC).[3]

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[3]   Indeed, students in Shanghai were the best performers in PISA 2009.

Figure 14. International Test Scores of 15-Year Olds in Selected Asian Countries, 2009 (PISA)
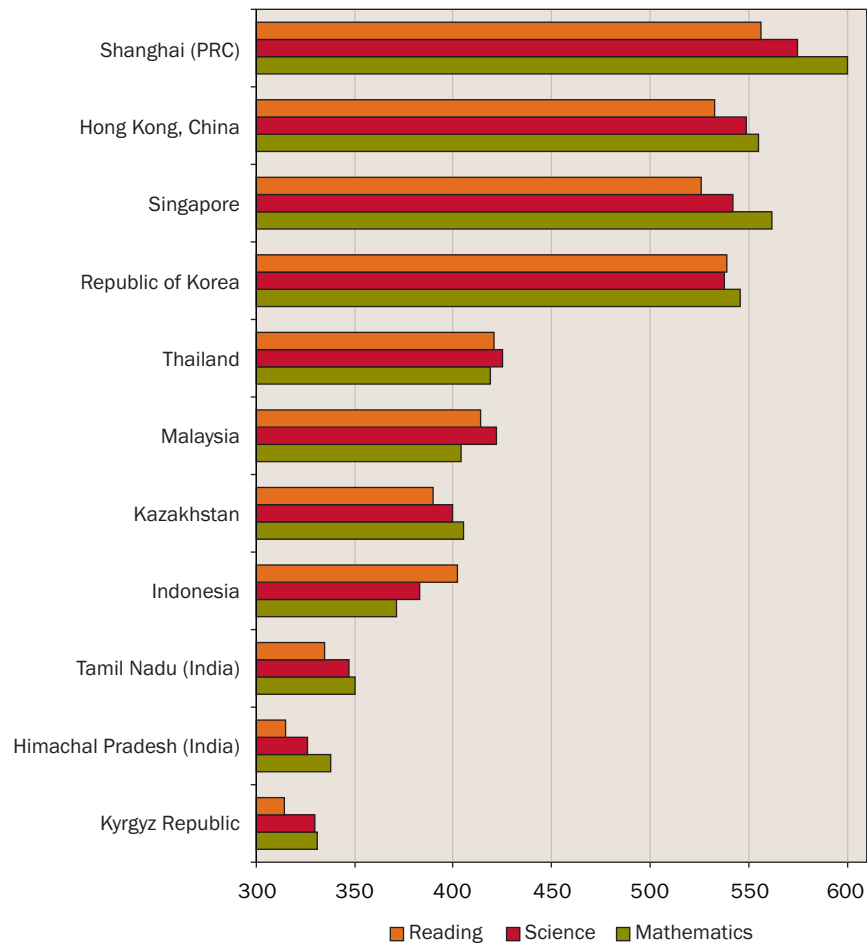
PISA = Programme for International Student Assessment.

Source: Organisation for Economic Co-operation and Development (2009).

There is another evidence that supports that student learning outcomes in developing Asia are very low. A national learning assessment in rural India in 2011 showed that just over a quarter of grade 5 students in rural India could divide a three-digit number by a single-digit number (Figure 15 and ASER Centre 2011). About 43% of grade 8 students could not even solve a simple division problem. Recognition of two-digit numbers does not become widespread until grades 4 or 5, even though this competency is supposed to be acquired by grade 2. A similar learning assessment in rural Pakistan showed arithmetic competency to be somewhat better than in rural India, but still very low in absolute terms (Figure 16). For instance, only 37% of grade 5 students could divide a three-digit number by a single-digit number, and 28% of grade 8 students could perform simple division. Unlike in rural India, however, recognition of two-digit numbers is widespread by grade 3 among rural students in Pakistan.

Figure 15. Student Arithmetic Achievement by Grade in Rural India, 2011
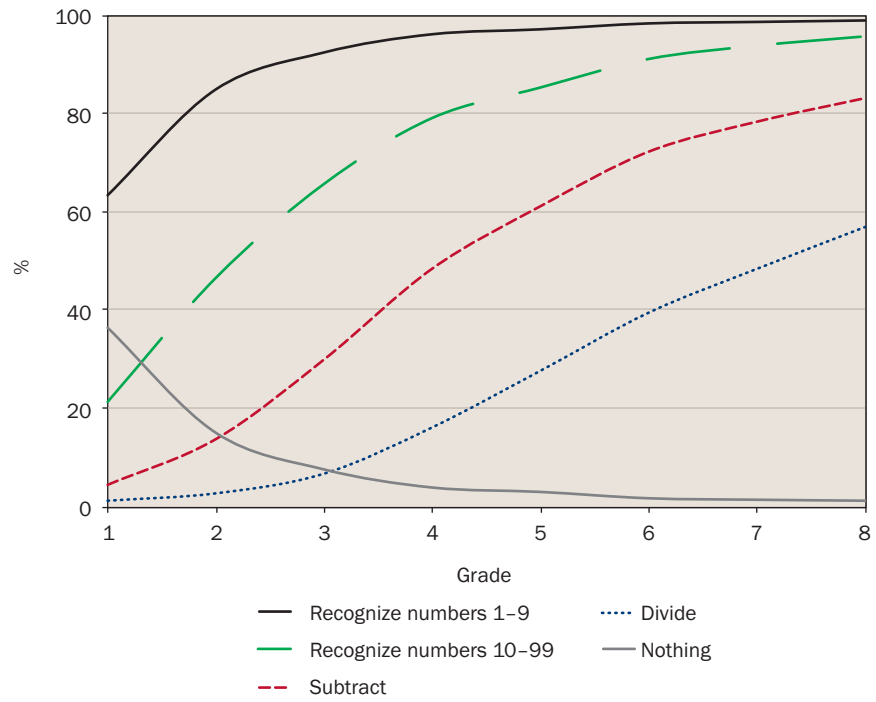
Source: Pratham (2012).

Figure 16. Student Arithmetic Achievement by Grade in Rural Pakistan, 2011
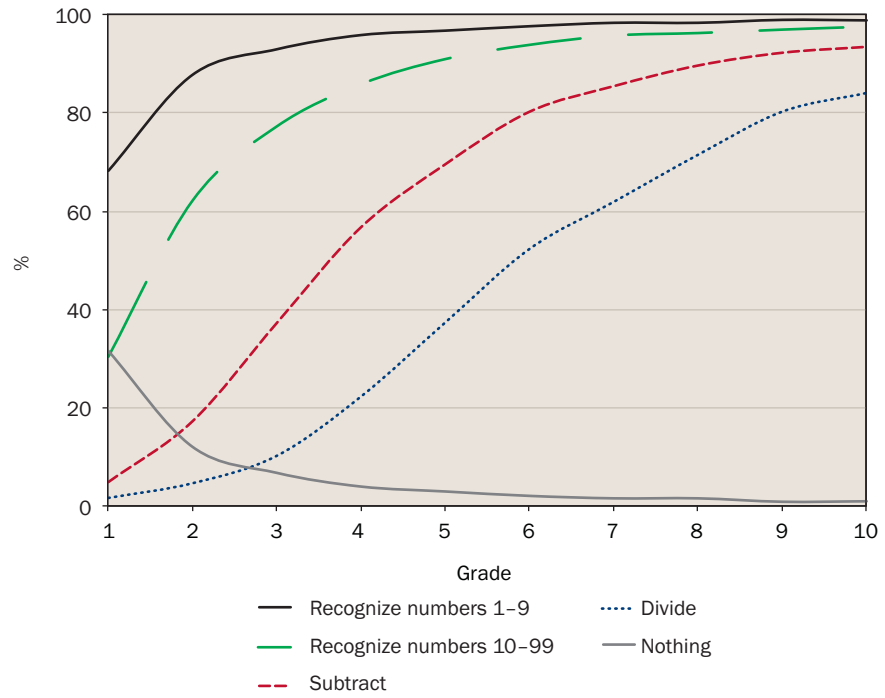
Source: South Asian Forum for Education Development (2012).

Even more troubling is some evidence to suggest that student learning achievements have fallen over time in rural India. The ASER assessments, which have been conducted annually since 2005 without a change in methodology, show that between 2006 and 2011, the proportion of students in grade 3 who could read at grade 1 level fell from 48% to 40%, and the proportion of students in grade 5 who could read at the grade 3 level fell from 53% to 48%. In arithmetic, student achievement appears to have plunged even further: the percentage of third graders able to perform subtraction fell from 45% to 28% and that of fifth graders able to perform division from 49% to 30% (Figure 17). Even after note is taken of the fact that this is a period in which the enrollment ratio and the coverage of school-aged children sharply increased, bringing into schools, for the first time, children from many extremely disadvantaged families (often first-generation school children), the decline in performance standard is steep and difficult to explain.

Figure 17. Student Achievement in Reading and Arithmetic in Rural India, 2006–2011
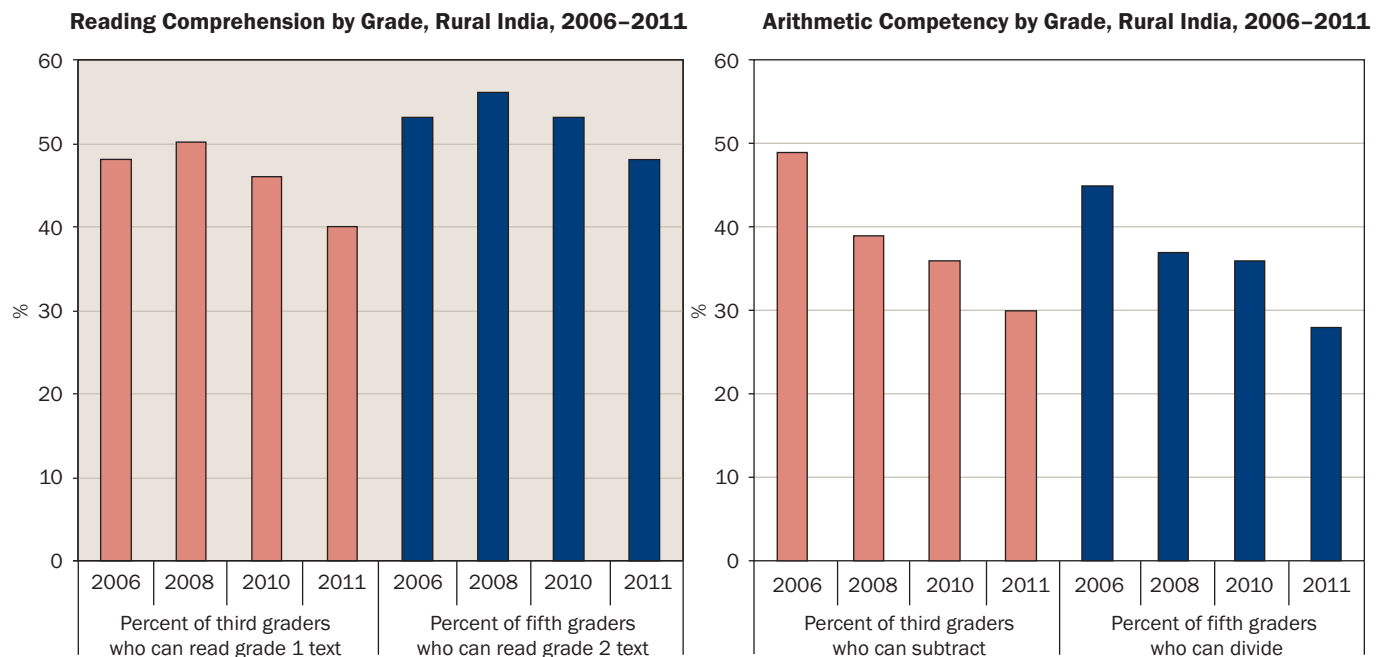
Source: ASER Centre. Various Years. *Annual Status of Education Report India* (Online). http://www.pratham.org/M-19-3-ASER.aspx

In the health sector, the poor delivery of publicly provided health services has caused a flight of consumers to the private sector. In many countries in developing Asia, public providers account for a minority of patients, even among the poor (Figure 18). In the Philippines, for instance, only 25% of children aged 0–5 in the poorest wealth quintile who were seeking treatment for an illness visited a public provider, with the rest going to formal or informal private providers. Another indicator of weak public service delivery is the share of private spending in total health spending; private health expenditures account for two-thirds or more of total health expenditure in much of developing Asia, with the exception of Indonesia, the PRC, the Kyrgyz Republic, Kazakhstan, and Bhutan (Figure 19). Furthermore, because of the absence of health insurance coverage, the vast majority of private spending on health—in some cases, as high as 99%—is in the form of out-of-pocket spending by households (Figure 19). Thus, the absence of high-quality public services in the health sector has a large adverse financial impact on poor households.

Figure 18. Choice of Public or Private Health Provider by Wealth Quintile, 2005
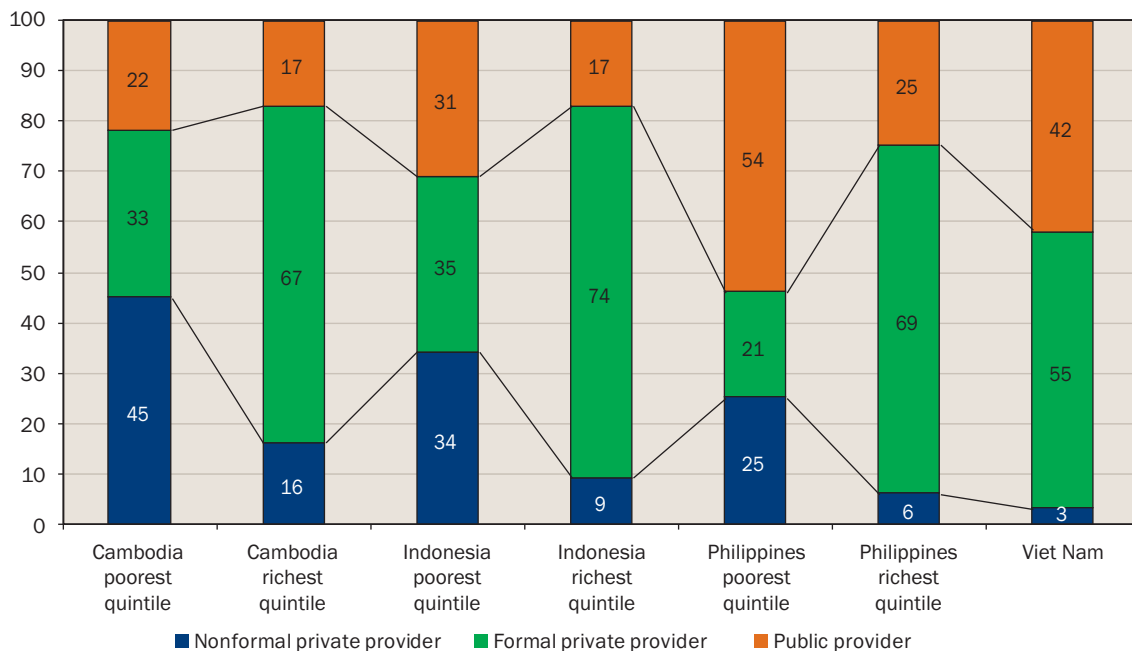
Note: Data is for children aged 0–5 who reported being treated for an illness in the 2 weeks preceding the household survey.

Source: MEASURE DHS. Demographic Health Survey Data. http://www.measuredhs.com/data/available-datasets.cfm (accessed 1 April 2013).

Figure 19. Private and Public Health Expenditure across Selected Asian Countries, 2008–2012
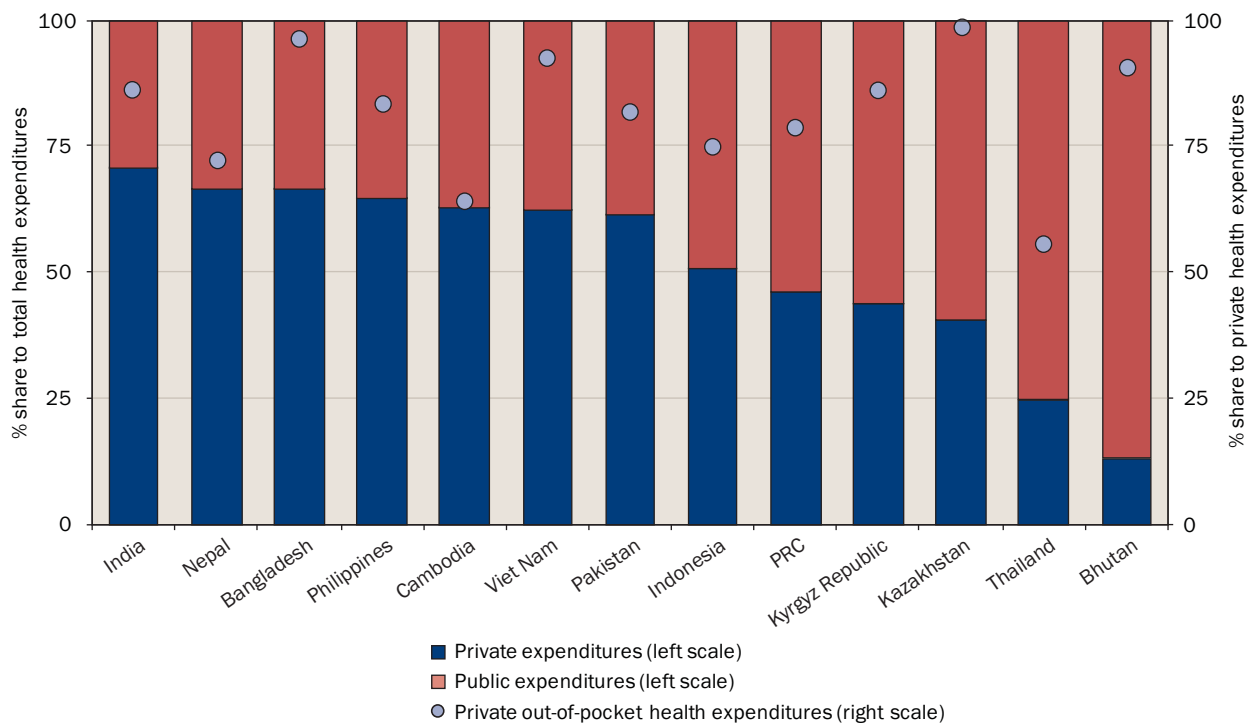
PRC = People's Republic of China.

Source: World Health Organization. National Health Accounts database. http://apps.who.int/nha/database/DataExplorerRegime.aspx (accessed 1 April 2013).

A major problem in analyzing the quality of service delivery is that few countries have a system of routine collection of service quality data. The only data that are available are from (nonrandom) surveys of providers and facilities. As such, it is difficult to make any rigorous comparisons of service quality across countries. This is in contrast to measures of utilization and outcomes, data on which are routinely collected by the administrative agencies in most developing countries.

Concerns with Governance

The earlier discussions suggest that while there has been an impressive expansion of public services in developing Asia, not only are there wide variations in performance across countries, but also a large proportion of population still lacks access to some of the very basic services. A further challenge is to improve the quality of public services, which is intricately linked to the larger issue of dysfunctional governance systems including, among other things, leakage of public funds meant for service delivery, malfeasance and rent seeking by public providers, corruption, and lack of transparency in budgets.

Data from the World Bank's *Doing Business Indicators* (DBI) measure well-defined outcomes that proxy for certain dimensions of good governance and regulatory quality and are particularly useful for private service providers. For example, the DBI measures the days taken to start a business, to enforce a business contract, or to obtain an electricity connection. Obviously, the fewer the number of days needed to obtain a publicly provided business service, the higher is the presumed quality of the underlying public service.

Table 2, which reports the number of days needed for four services, i.e., starting a business, enforcing a contract, getting an electricity connection for a business, and resolving insolvency, shows wide variations in this number not only across world regions but also across different types of services. It takes longer to enforce a business contract and obtain an electricity connection in South Asia than in any other part of the world. In contrast, companies in East Asia and the Pacific need the fewest days to obtain these two services. However, and surprisingly, South Asia requires the fewest days of any world region to start a business—only 19, compared to 36 days in East Asia and the Pacific and 53 days in Latin America and the Caribbean. In resolving insolvency, East Asia and South Asia are not too dissimilar, with countries in both regions requiring about 3 years. This is much longer than in the OECD countries but shorter than those in the Middle East and Sub-Saharan Africa.

Table 2. Cost of Doing Business by World Region, 2013

Region	Number of days needed to perform task			
	Start a business	Enforce contracts	Get electricity	Resolve insolvency
East Asia and the Pacific	36	522	86	2.9
Eastern Europe and Central Asia	14	414	153	2.4
Latin America and Caribbean	53	727	66	3.1
Middle East and North Africa	23	652	84	3.4
OECD	12	510	98	1.7
South Asia	19	1,075	148	3
Sub-Saharan Africa	34	649	133	3.4

OECD = Organisation for Economic Co-operation and Development.

Source: World Bank (2013).

Figure 20 shows the same data for two services—starting a business and enforcing contracts—for individual countries in developing Asia. Again, there are wide variations across countries. While it takes only 7 days to start a business in Sri Lanka, it takes as many as 92 days to start one in the Lao PDR. In terms of enforcing business contracts, the Philippines and India are relatively efficient, while Bangladesh, Pakistan, and Cambodia are the least efficient countries.

Figure 20. Number of Days Needed to Start a Business and to Enforce a Business Contract in Selected Asian Countries, 2013
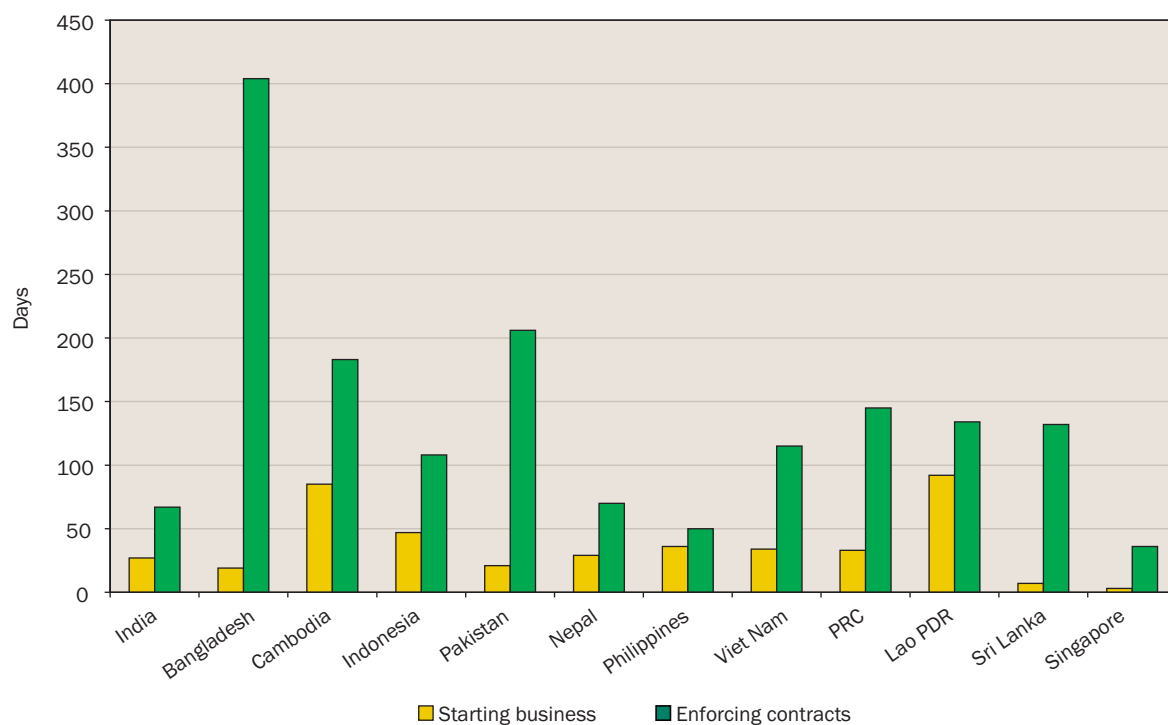
Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: World Bank (2013).

An interesting aspect of the DBI is that they are available at the subnational level (albeit only for a small set of countries). These measures reveal considerable variation in the quality of public services within a given country. Table 3 shows the mean and measures of dispersion (variance and range) for two measures of public services provision (number of days required for a business to enforce a business contract and to register property), based on subnational DBI. While the large differences in means point to substantial cross-country differences in the quality of public good provision, the measures of dispersion also reveal a large subnational variation. The range in the days needed to enforce a contract in the PRC, for example, is 428 days: in Nanjing, enforcement only takes about 112 days, while in Changchun it takes 540 days. Similarly, in India, enforcing a contract takes 600 days in Guwahati, but 1,420 days in Mumbai. The large standard deviations are indicative of substantial variation in the quality of public services within countries.

Table 3. Subnational Differences in the Cost of Doing Business

	Enforce contracts			Register property			
	(number of days required)			(number of days required)			
Indicator	PRC 2008	India 2009	Pakistan 2010	PRC 2008	India 2009	Pakistan 2010	Philippines 2011
Mean	319	961	1,261	52	55	42	37
Std. dev.	89	218	393	14	30	7	14
Range	428	820	1,460	50	102	22	59

PRC = People's Republic of China.

Source: World Bank (2013).

How Can Empowered People Exercise their Power to Improve Service Delivery?

Ensuring adequate delivery of quality public services and equal access to these services by everyone in society requires policy actions in many areas. These include, but may not be limited to, capacity of the bureaucracy, the political process, effectiveness of the judiciary, efficiency and governance quality of frontline public providers, and empowerment of citizens. In recent years, more and more countries are turning to empowerment as an important means to improve public services delivery.

Empowerment—the Client Power

The concept of empowerment is motivated by Sen's rights and capability approach. This approach emphasizes the *freedom of choice, capability, and opportunity.* That is, people should be free to choose what they want to do, have the functional ability to put those choices into action, and have an enabling environment that allows them to actually perform those actions (Sen 2005). "The concept of freedom emphasizes the importance of empowering people to help themselves, and of focusing on individuals as the actors of their own development" (Stiglitz, Sen, and Fitoussi 2009:151). Empowerment thus enables deprived people to be effective agents of their own human development. For example, when microfinance institutions began working with poor village women in Kerala, India, who were earning their livelihoods by breaking stones, the women acquired and felt "real freedom" to go to banks or offices (Ibrahim and Alkire 2007).

"Differences in the capability to function can arise even with the same set of personal means (such as primary goods) for a variety of reasons, such as: (1) *physical or mental heterogeneities among persons* (related, for example, to disability, or proneness to illness); (2) *variations in non-personal resources* (such as the nature of public health care, or societal cohesion and the helpfulness of the community); (3) *environmental diversities* (such as climatic conditions, or varying threats from epidemic diseases or from local crime); or (4) *different relative positions vis-à-vis others* ... " (Sen 2005:154).

The concept of empowerment has been viewed in its different dimensions, including initial endowments, opportunities, freedom of choice, and the capacity of individuals and groups to make effective choices and convert them into desired outcomes (World Bank's *World Development Report 2001*; Narayan 2005; Alsop, Bertelsen, and Holland, 2006; Ibrahim and Alkire 2007). Empowerment is key to building assets of the poor and helping them rise out of poverty (see Box 1 for a broad definition of empowerment).

Empowerment enables citizens and communities to hold the state accountable for the delivery of basic services. Client-citizens also have the possibility to influence the quality of services provided by directly exercising client power on the service providers. Empowerment can occur through many different mechanisms: *rights-based entitlements*, whereby the state offers citizens the right to information as

well as the right to specific social services and basic necessities (such as food, employment, health, and education); *participatory performance monitoring*, where citizens and communities monitor and evaluate the implementation and performance of public services, often according to indicators they themselves have selected, and then demand better performance from service providers; and *community participation and community-driven development*, where groups of users of services or entire communities participate in the delivery of services, thereby controlling directly the quantity and quality of services provided.[4]

Box 1. The Meaning of Empowerment

Empowerment is "… the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives." In its broadest sense, empowerment is the expansion of freedom of choice and action. Assets and capabilities can be individual or collective.

The four key elements to empower poor people are (i) access to information, (ii) inclusion and participation, (iii) accountability, and (iv) local organizational capability. These elements are closely intertwined and act in synergy. Informed citizens are better equipped to take advantage of opportunities, access to services, exercise their rights, negotiate effectively, and hold state and non-state actors accountable.

The key assumption is that investment in poor people and their organizations generally leads to improved development results, which include among other things (i) improved governance, (ii) better functioning and more inclusive services, (iii) more equitable access to markets, (iv) strengthened civil society and poor people's organizations, and (v) increased assets and freedom of choice. Such investments, however, are to be predicated by state reform, which puts a premium on support for empowerment.

Source: Narayan (2002).

Reform of State Institutions
Local and National

Support for Empowerment
- Information
- Inclusion/Participation
- Accountability
- Local Organizational capacity

Rules and processes

Norms and Behaviors

Poor People and Their Organizations

Assets and Capabilities
Individual
- Material
- Human
- Social
- Political
Collective
- Voice
- Organization
- Representation

Development Outcomes
- Improved governance and access to justice
- Functioning and more inclusive basic services
- More equitable access to markets and business services
- Strengthened civil society
- Strengthened poor people's organizations
- Increased assets and freedom of choice

Nature of Social and Political Structures

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4   This review limits itself to a discussion of specific empowerment-enabling mechanisms and does not consider larger societal and economic transformations that also empower people—factors such as freedom from poverty, broad-based literacy and education, access to well-paying and meaningful jobs, and democratic reform. These changes in society and economy can empower citizens and allow them to hold the state and public providers accountable for delivery of public goods and services.

Citizen Rights, Participation, and Oversight

Rights-Based Entitlements

Some public services are considered essential enough for a decent human life that they are counted as fundamental human rights. A common form of empowerment is through *rights-based entitlements*, which are enforceable rights enshrined in the legal framework or national constitutions with specific roles and responsibilities of implementing authorities as well as criteria for beneficiary eligibility and procedures for identification. There are two types of rights-based entitlements: first, the right of eligible citizens to specific services; and second, the right to information, which is an instrument to ensure that citizens can influence the fulfillment of their rights to services. In both cases, it is the binding obligation of the state to ensure that eligible citizens receive the specific entitlement being guaranteed.

The rights-based approach has been adopted by many low- and middle-income countries that grant to individuals the right to specific social services and basic necessities (such as food, employment, health, and education). Some 135 countries worldwide have made education a fundamental right. In Asia, constitutional provisions in Pakistan and Bangladesh require the state to provide free and compulsory primary education. A number of countries in Asia including Bangladesh, India, Indonesia, the Philippines, and Sri Lanka provide the right to water.[5] The right to health has been recognized in the constitutions of Indonesia, the Maldives, Nepal, Thailand, and Timor-Leste (WHO 2011). The constitutions of Bhutan, Bangladesh, India, Myanmar, and Sri Lanka do not recognize the right to health as a fundamental right but compel the state to provide health services.

Extension of the rights-based approach to broader social protection has been especially prominent in the former Soviet Union, including the countries of the South Caucasus and Central Asia, such as Armenia, Georgia, Kazakhstan, and the Kyrgyz Republic. In these countries, despite the collapse of the socialist welfare model, many countries have retained the universal right to social protection for specific population groups. These, for example, include child and maternity benefits, disability allowance, and old-age pensions. The governments of Nepal and Thailand have institutionalized social or noncontributory pensions for older people as a universal entitlement (Handayani and Babajanian 2012). There is currently strong international support for institutionalizing a Social Protection Floor (SPF) to promote the rights-based approach (proposed by the United Nations, approved by governments in the 2010 Millennium Development Summit and with explicit commitment by the Group of 20 countries; see ILO 2012).[6] SPF requires (i) provision of at least minimum levels of social services, and (ii) a focus on equal accessibility to these services to eradicate poverty (Piron 2004:26).

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[5] The Rights to Water and Sanitation. http://www.righttowater.info/progress-so-far/national-legislation-on-the-right-to-water

[6] SPF is an "integrated set of social policies designed to guarantee income security and access to essential services for all, paying particular attention to vulnerable groups and protecting and empowering people across the life cycle" (ILO 2012: xxii). It incorporates basic income security in the form of cash or in-kind transfers, and universal access to essential affordable social services, including health, water and sanitation, education, food security, housing, and others.

As far back as 1946, the UN General Assembly adopted Resolution 59(I), stating that "… freedom of information is a fundamental human right and … the touchstone of all the freedoms to which the United Nations is consecrated." While many countries in Asia have enshrined the right of citizens to information in their constitutions, few have put much emphasis on enforcing this right. One country where this right has been used extensively in the last few years is India where the Parliament passed the Right to Information (RTI) Act in 2005. Indeed, India has probably gone farther than most countries in developing Asia in putting the rights-based approach into practice. The two most powerful "rights" movements in India—the right to work (Box 2) and the right to food—have their roots firmly in the RTI movement that began in the mid-1990s as a fundamental element of citizens' right to participate in governance processes. The RTI has opened up the state to detailed scrutiny and has been used by citizens and civil society groups to monitor government functioning and audit programs (Box 3).[7] It has also forced the bureaucracy to acknowledge the concepts of transparency, accountability, and people's empowerment.[8]

Box 2. India's Mahatma Gandhi National Rural Employment Guarantee Scheme

The employment scheme under the Mahatma Gandhi National Rural Employment Guarantee Act 2006 (NREGA) is an extraordinarily ambitious program. In essence, it seeks to provide a form of employment security for the entire rural population of India, with the primary goal of providing a basic safety net (for households with able-bodied workers, capable of undertaking manual labor), but also with the aim of empowering the rural poor. Critical to the design is the guarantee of 100 days of paid employment for unskilled manual work to any rural household in India. Targeting is, in principle, exclusively through willingness to undertake the offered manual work. Making this an act was also judged to be critical to making it an institutionalized system outside the vagaries of party politics.

The reach of NREGA is impressive. It has grown to include one-fourth of all rural households. However, as might be expected of such a huge program, experiences on the ground have been mixed. First, the guarantee of work appears to be imperfectly delivered. Studies using data from the National Sample Survey find high levels of reported unmet demand, with demand being higher in relatively poorer states probably because of weaker administrative capacity (see Box Figure).

Second, while comprehensive measures of impact are not available, a number of studies suggest some positive results. One study of 1,500 households found that NREGA was the largest source of income for 17% of households in Andhra Pradesh, 10% in Rajasthan, and 7% in Maharashtra (7%). Another study conducted among more than 1,300 households in Andhra Pradesh suggested that household monthly per capita expenditure increased by 40% on food and 69% on non-food as a result of the NREGA.[2] However, these studies are based on small samples in states with relatively good coverage (and with tricky issues of identification of actual impacts after taking account of any foregone income).

Continued next page

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7   For instance, the RTI Assessment and Analysis Group (RAAG) conducted the only nationwide study on RTI implementation in 2008 and estimated that in its first 2.5 years, over 2 million RTI applications had been filed (RAAG 2008). The executive summary is available at http://rti-assessment.org. The scale of RTI requests has only grown since then.

8   This is not to suggest that there was no acknowledgment of the importance of transparency prior to the RTI Act. In fact, a close reading of the evolution of the RTI movement suggests that the movement got its teeth precisely because it formed alliances with reform-minded bureaucrats who worked closely with the group to push the agenda and draft the law. What the RTI has done is to mainstream this agenda and ensure that these ideas are part and parcel of the day-to-day government vocabulary.

Continued

There is also positive evidence on the targeting performance of NREGA. Poor households are observed to be more likely to participate in the scheme. There are above-average person-days generated for persons from scheduled castes and scheduled tribes (51% of total), and women account for 47% of the total person-days generated (albeit with a wide variation across states). However, in all of these cases, the targeting performance is better the lower the degree of rationing, as measured by the extent of reported unmet demand.

Box Figure. State-level Poverty and Unmet Demand for Work

Headcount index of rural poverty 2009/10
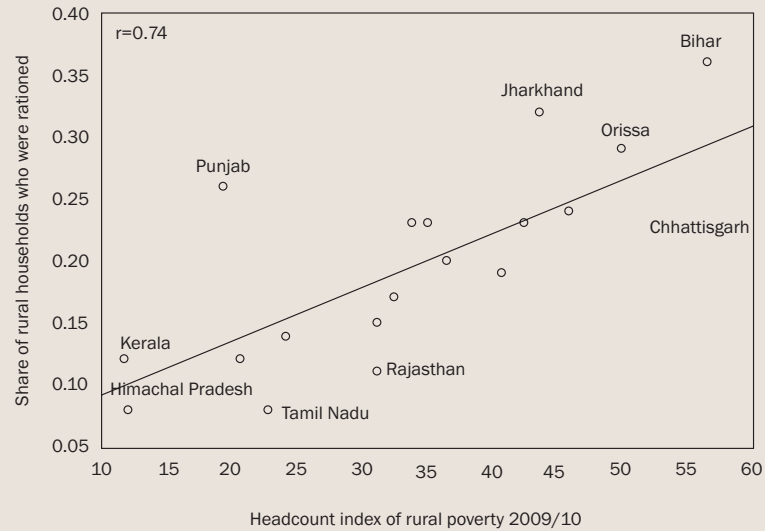
Source: Dutta et al. (2012) based on National Sample Survey Data.

Third, the scheme has been criticized for distorting market mechanisms, creating dependency, and raising private-sector wages. Conceptually, this need not be the case. Indeed, the scheme is potentially market-*improving* to the extent that it reduces insurance market failures, allowing poor households to invest in higher-return activities, including keeping their children in school. However, this depends critically on the level of the wages paid under the scheme. A higher wage increases transfer benefits, but a higher-than-market wage can distort signals, and discourage private labor demand. On average, the state-wise payment structure of the minimum wage for unskilled labor varies from Rs122 (Bihar) to Rs191 (Haryana). It is still unclear if political pressures to raise wages at the state level (financed by the central government) are excessively distortionary. One study,[3] using monthly data from 2000-2011 in 250 districts (across 19 states) in India, shows that the real daily agricultural (unskilled labor) wage rate did increase as a consequence of NREGA, but only modestly.

A final category of criticism concerns reports of failure to pay wages and the existence of "ghost" workers and corruption. There is also anecdotal evidence of links to local politics, a source of rent extraction the *panchayat* level. Local politicians can skim off private rents from the scheme, and this has been alleged to be one of the incentives for rising campaign spending around *panchayati raj* elections.

[1] See Jha, Gaiha, and Pandey (2012).
[2] See Berg et al. (2012).
[3] See Engler and Ravi (2009); Jha, Gaiha, and Pandey (2012).

Source: Aiyar and Walton (2013).

Box 3. India's Experience with the Right to Information Act

India's experience with the Right to Information (RTI) Act is instructive. It has opened up the state to detailed scrutiny, created new axes around which citizens can mobilize in order to demand accountability, and put a great deal of pressure on public institutions to respond. Decision makers and public providers are more cautious, given the expectation of scrutiny. In 2011–2012, a mere 8% of a total of 629,960 RTI applications were rejected. A research study by Peisakhin and Pinto (2010) found that while bribing is still the most efficient way to access government services, filing an RTI request is almost as effective.

However, there is little evidence that the RTI has fundamentally transformed governance structures. To actually improve service delivery, it will need to be anchored in a larger project for administrative reform. This would involve dealing with the larger issues of how the bureaucracy is embedded in political patronage, the incentives that managers face at the local level, career paths, and so on. For instance, rules and regulations have been formulated, public information officers have been appointed, and RTI applications are responded to. However, substantive changes that could reform the government's way of doing business—reviewing internal rules and procedures, building official capacity to collect and record information, and reforming record management systems to enable departments to disclose information more efficiently—have not been made.

In sum, India's experience with RTI has been mixed. It has genuinely empowered citizens to scrutinize the government and hold it to account—and citizens have responded to this enthusiastically. It has planted seeds of change by forcing a system that traditionally exercised its power through its opacity and distance from citizens to, at a minimum, acknowledge the importance of transparency, accountability, and people's empowerment. There is limited evidence, however, of the momentum generated through the RTI to initiate systemic reform within the bureaucracy and create a genuinely transparent mode of governance. This is sobering, for in the long term it may mean that the RTI was an opportunity lost for India.

Source: Aiyar and Walton (2013); Peisakhin and Pinto (2010).

Simply proclaiming a public good as a human right is meaningless unless there is a social or legal structure for the realization and fulfillment of this right (Box 4). The philosopher and legal theorist, Herbert Hart, has defined a moral right to a good or service as a recommendation that the good or service should be provisioned through legislation, followed by enforcement (Hart 1955; see also Raz 1984). Legislation, however, is not the only means of enhancing the provision of goods and services that public reasoning may demand. For example, providing public monitoring, or more media coverage of gaps and lapses, or more client pressure for better services can be very effective in the realization of recognized human rights, so that the pursuit of human rights has to go beyond the limits of law and draw on public empowerment (Sen 2006 and 2009). The social as well as legal routes to the realization of human rights will be extensively discussed in the sections to follow.

Some analysis suggests that legalizing the demands of social and economic rights may favor the more affluent rather than poor segments of the population (Gauri and Brinks 2008). This is exemplified by the concentration of litigation cases in, for example, the richer south and southeast parts of Brazil rather than the poorer northeast, and more cases in Delhi than in the poorer states of India. In addition, there are more cases addressing university education, rather than primary education, which reflects a bias toward the middle class.

Box 4. Human Rights and Their Realization

"… Unfortunately much writing and rhetoric on rights heedlessly proclaims universal rights to goods and services, and in particular 'welfare rights,' as well as to other social, economic and cultural rights that are prominent in international Charters and Declarations, without showing what connects each presumed right-holder to some specific obligation-bearer(s), which leaves the content of these supposed rights wholly obscure. . . . Some advocates of universal economic, social and cultural rights go no further than to emphasize that they *can* be institutionalized, which is true. But the point of difference is that they *must* be institutionalized: if they are not there is no right (O'Neill 1996:131–132).

"… The traditional political and civil rights are not difficult to institute. For the most part, they require governments, and other people generally, to leave a man alone. . . . The problems posed by claims to economic and social rights, however, are of another order altogether. How can governments of those parts of Asia, Africa, and South America, where industrialization has hardly begun, be reasonably called upon to provide social security and holidays with pay for millions of people who inhabit those places and multiply so swiftly?" (Cranston 1983:13).

Perhaps the biggest challenge in implementing the rights-based approach is the resource constraint that many low-income countries face. Many economic and social rights—in social protection, health, and education—are particularly "resource-intensive" (Munro 2008:33). This has emerged as an important issue in India, with its steady and successive extension of rights. There is a fear that realization of these rights could lead to government commitments that are both excessive and inflexible, threatening macroeconomic instability and crowding out other public sector or private investment activity (see, e.g., Kelkar and Shah 2011). At the same time, if fundamental rights-based entitlement programs are determined to be a major source of addressing poverty and inequality, then it is important to ensure that the government's limited resources are used effectively and efficiently. Quality fiscal adjustments require reallocation of public expenditure from inequitable, expensive, and untargeted subsidies on, e.g., diesel, petrol, and electricity, to essential services and targeted programs. Additionally, resource constraints faced by governments create a necessary trade-off between funding capital expenditures and recurrent operating and maintenance costs, a vital input to sustaining quality public services. Reorienting scarce public resources from largely capital expenditure toward recurrent, especially non-wage, expenditure will thus be an essential tool for policy makers to improve access by the poor to various types of public services.

Table 4. Strengths and Weaknesses of Rights-Based Entitlements

Strengths	Weaknesses	Conditions for success
Provide binding obligations that guarantee service delivery	May not be feasible in countries with limited resources to guarantee citizen entitlements	Adequate resources to finance services and infrastructure
Offer legal channels for claiming rights and redress	May favor more affluent individuals	Legal rights may not be fulfilled without accessible and effective institutional channels to enable citizens to claim their rights
Promote individual and collective rights	Ability to articulate demands for services may be restricted by limited information and rights awareness, and existing inequalities	Availability of independent judiciary and the rule of law
	Restricted physical accessibility or lack of service facilities	Effective information dissemination, proactive citizen outreach, and policy measures to include disadvantaged groups

Source: Babajanian (2013).

Table 4 summarizes the main strengths and weaknesses of rights-based approaches as well as conditions required for their successful enforcement.

Participatory Performance Monitoring

Participatory performance monitoring (PPM) covers a range of different participatory monitoring and evaluation tools, including citizen report cards, community score cards, social audits and public hearings, grievance redress systems, and opinion surveys. Extensive reviews of the impact and effectiveness of PPM in service delivery on accountability and transparency initiatives found that information dissemination is a key ingredient of PPM (Joshi 2010; McGee and Gaventa 2010). Moreover, social accountability mechanisms in the reviewed programs were effective in exposing corruption, increasing awareness of entitlements, empowering people to claim their rights, and facilitating citizen engagement in service delivery process. On the other hand, based on their review of social accountability interventions supported by the World Bank, Agarwal, Heltberg, and Diachok (2009) maintain that impact of social accountability approaches is "thin" and that there is a need for rigorous impact evaluations that can isolate and measure the impact of these approaches.

Citizen Report Cards

Citizen report cards gather information about the users' perceptions and views of service delivery performance, outcomes, and usefulness, and provide stakeholders with feedback for remedial action. This tool seeks to generate citizen awareness and stimulate pressure to demand improvements in service delivery. One of the most comprehensive reporting efforts was developed in Uganda to evaluate health care facilities using technical and inter-personal dimensions of service quality (McNamara 2006).

The 1994 Bangalore Citizen Report Card, India, which was the first initiative of its kind in developing Asia, ranked service performance of public agencies dealing with water, power, municipal services, transport, housing, telephone, banks, and hospitals. It was later adapted in other countries in Asia and Africa. The report cards of 1994 and 1999 sensitized citizens to the importance of asserting their rights to better services and contributed to improvement of water, sanitation, power, and other services (Ravindra 2004). The Report Card in Ahmedabad, India, conducted in 1997, documented poor women's assessment of municipal services, including water, electricity, and sewerage (see World Bank's Citizen Report Cards and Surveys – Asia Cases). The survey revealed dissatisfaction with the performance of the services and highlighted bottlenecks in accessing the services for a majority of users. While only 6% of all respondents complained due to poor expected response, awareness creation led to negotiations for step-by-step improvements in service delivery. The Citizen Report Card in the Philippines in 2001 sought to gather perceptions of local people regarding the quality of services and measured awareness, convenience, and the level of satisfaction in nine cities in the national capital region.[9] The survey results were used by the cities of Makati, Mandaluyong, and Marikina in their planning and budgeting. In Makati City, the presentation of the findings led to widespread public display of the city emergency numbers in response to the demand of city residents.

Social Audits

Social audits of public services promote direct involvement of citizens in monitoring service quality, access, and performance—a process that often culminates in direct engagement between the public and service providers at community interface meetings. This section discusses examples that represent two distinct operational modalities: (i) the Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) and the Public Distribution System (PDS) in India that involve public monitoring and discussion in public hearings, and (ii) the activities supported by the Concerned Citizens of Abra for Good Governance (CCAGG) in the Philippines that disseminate monitoring findings through organizational pressure.

The launch of NREGA in 2006 for the first time gave the audits a legal mandate in India as transparency and accountability safeguards. Since then, social audits have become a part of almost every government social sector program. Social audits involve obtaining and verifying discrepancies in government records and expenditure on services. Violations are discussed by beneficiaries, local self-government members, and public officials, and their findings shared with NREGA, district and senior officials for implementation. However, the frequency and quality of social audits is a major constraint to their effective implementation (Pande and Mann 2012). Andhra Pradesh is the only exception where social audits have been institutionalized, an independent directorate for conducting audits set up, and almost 1,800 social audits conducted between 2006 and 2011. A study by Aiyar and Samji (2009) noted an overwhelming impact on awareness levels, implementation processes, and grievance redress systems. However, another study by Aiyar, Samji, and Kapoor (2011) revealed corruption issues including fictitious beneficiaries, embezzlement of funds, caste and gender discrimination, and difficulties in accessing information about the program. In March 2011, the audit unearthed Rs1 billion worth of fraud. Both these studies confirm the effectiveness of successive social audits in strengthening citizen voice through registering of complaints and identification of implicated officials.

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9   See World Bank's Citizen Report Cards and Surveys – Asia Cases.

Another example of an effective social audit is that of the targeted PDS in Warangal district of Andhra Pradesh, India. Since 2010, it has conducted over 1,000 social audits of PDS. The program involves distribution of essential commodities to vulnerable sections of the population at subsidized rates to ensure food security and adequate nutrition (Narayanan 2011). Social audits allow residents to cross-check the beneficiary names for possible leakages. Their inspections found substantial leakages in the supply quantities as well as practices of overcharging the beneficiaries. The local dealers were fined for the discrepancies, and there was an increase in closing balances and the quantities of food supplied to the beneficiaries.

The CCAGG is a nongovernment organization (NGO) founded in the province of Abra in the northern Philippines in 1986. Since 2001, it has conducted a series of participatory audits for monitoring the local government infrastructure construction projects by involving different social groups, including the poor and women (PAF, Sirker, and Cosic 2007: 46). The findings of initial monitoring and verification by beneficiary groups are passed on to specialists, including engineers and accountants, who in turn conduct more detailed investigations on project sites (Ramkumar and Krafchik 2005). Regular monitoring and investigations by CCAGG have gradually led to increased cooperation with local governments and there is evidence that some local officials use CCAGG assessment reports as a basis for release of public funds (PAF, Sirker, and Cosic 2007: 48).

Community Score Cards

A community score card is a "hybrid" (World Bank 2005) of the institutional arrangements for citizen report cards and social audits. They combine participatory tracking of service performance (or "input tracking"), service providers' self-evaluation, and community interface meetings, in which performance assessments are discussed and remedial action plans developed. In contrast to citizen report cards, community score cards rely heavily on the participation of community members in the assessment of service quality and performance, and negotiation of the findings with service providers. Community score cards have been used extensively in India (Andhra Pradesh) and Ethiopia.

In 2006, the Center for Good Governance in Hyderabad, India, implemented a pilot project to apply a community score card to assess the performance of two primary health centers in two blocks of Visakhapatnam District, India (World Bank 2007). The community score cards collected the views and perceptions of users about the ability of health services and the perspectives of the staff of the health centers. The processes revealed dissatisfaction with staff behavior and working style, hours of operation and availability of medical personnel, and overall weak responsiveness. Many users were not aware of their service entitlements and service standards. As a result of the exercise, the medical officers and staff underwent training to improve their attitudes, the hours of operation of the health centers were changed, and a system to redress grievances and display an inventory of available medicine was introduced.

The Protection of Basic Services Project implemented by the Government of Ethiopia introduced a pilot project in 2008/09 to introduce social accountability mechanisms in local service delivery. It used a number of tools, including citizen report cards, community score cards, and participatory budgeting. An independent

evaluation of the pilot project considers community score cards especially effective in soliciting user feedback and joint deliberations (Taddesse et al. 2010). It allowed bringing together citizens and service providers to assess the quality, equity, and effectiveness of basic services in the education, health, water/sanitation, and agriculture sectors. The project evaluation documented evidence of improved service delivery outcomes as a result of the implementation of service improvement action plans.

Table 5 summarizes the main strengths and weaknesses of participatory performance monitoring as well as conditions required for its successful implementation and outcomes.

Table 5. Strengths and Weaknesses of Participatory Performance Monitoring

Strengths	Weaknesses	Conditions for success
Provides institutional channels for claiming legal and program-based rights and influencing service delivery	Does not directly promote individual rights and address individual grievances	Threat of credible sanctions and provisions for horizontal accountability
Increases awareness of citizens of their rights and mobilizes citizens for collective action	Outcomes of participatory monitoring may not be effective without the willingness to penalize illegal activities and offer redress	Sufficient financial and technical capacity to design and implement community surveys
Improves service delivery performance and quality by generating user perspectives and promoting engagement with service providers	Citizen report cards require financial resources and technical capacity to design and implement surveys	Resources and capacity to carry out effective community outreach and mobilization
Increases user awareness of service standards and actual delivery outcomes	Community score cards and social audits require significant financial and time investment in community outreach and mobilization	Effective information dissemination and widespread media coverage
Generates feedback from a large number of beneficiaries and has a strong potential to stimulate change	Citizen report cards do not provide forums for direct engagement with service providers	Successful citizen mobilization to engage with service providers and government agencies and make claims
Community score cards and social audits are more participatory and can result in greater empowerment		Support of government officials and service providers
		Sufficient institutional capacity and resources to ensure adequate service delivery

Source: Babajanian (2013).

Community Participation and Community-Driven Development

Another potentially important category of social accountability is that of user groups' coming together and participating in service delivery. There has been extensive and growing use of this in many developing countries. There are two main modalities of participatory development: community-based development and local decentralization. A recent review of nearly 500 different studies on participatory development by Mansuri and Rao (2012) suggests that the key to success is the distinction between "organic" participation (participation spurred by civic groups) and "induced" or mandated participation (efforts to promote participation by the state). Further, the

success of both types of participation is dependent on local capacity—the capacity for collective action.

Community participation typically addresses two major barriers to empowering citizens vis-à-vis the state and public service providers: the (i) lack of information about what constitutes an adequate level of public service, and (ii) lack of coordination and participation in monitoring may prevent the citizen-clients to use "voice." To address these two barriers and to encourage community participation and connect providers with clients, a randomized intervention around community-based monitoring of health care providers in Uganda involved village participants and staff from local NGOs to act as facilitators (Bjorkman and Svensson 2009). Among 50 public rural health dispensaries chosen across Uganda, the authors randomly assigned half of the centers to receive the intervention, while the remaining half served as the control group. Through discussion of the issues and possible ways to improve health care provision, the participants agreed on a shared plan, outlining agreements about improvements and a monitoring plan. Bjorkman and Svensson (2009) found that treatment communities were significantly more involved in the monitoring of the providers. Consequently, health workers exerted more effort. Utilization rates in facilities with community monitoring increased by 20% and health outcomes, as measured by child birth weight and child mortality, improved substantially 1 year after the intervention. The results are consistently positive across a wide range of outcomes: immunization rates were higher, waiting times decreased, and absenteeism declined.

One often neglected aspect in generating bottom–up decisions through community meetings, however, is *who* actually decides to attend these meetings. Olken (2007), for example, illustrated a case of social norms as a constraint in rural Indonesia, where it is considered rude (particularly among the poor) to attend a village meeting without formal invitation. A general concern of community meetings is the possibility of elite capture. A natural alternative to community meetings, where village-level decisions are delegated to participants of the meetings, is the use of direct voting (or a plebiscite) as it allows a greater number of individuals to participate in the decision making process. Olken (2010) provided evidence from an experiment in Indonesia that allows for a comparison between representative-based meetings and election-based plebiscites. The experiment was conducted in 2005–2006 in 49 Indonesian villages that could apply for general and women-oriented infrastructure projects of the Indonesian Kecamatan Development Program (KDP).

The results suggest that plebiscites, as a tool of direct participation in political decision making, can substantially increase satisfaction and the legitimacy of policies. While the final choice of the project to be implemented did not change significantly for the general project, "women projects" selected under the plebiscite were more likely to be located in poorer hamlets. This could be explained by the case that, under the community decision-making process, women from poorer hamlets were less likely to be involved and hence underrepresented. Despite the positive evidence, however, even plebiscites are prone to elite capture, when turnout rates are not uniform across the population. For the Indonesian case, turnout was relatively high, at 79% on average. Compared to community-meeting decision making, this implies that 20 times more people were involved in making decisions about the KDP projects. Enabling citizen-clients to directly vote for the projects, therefore, appears to increase greatly the legitimacy of the projects ultimately chosen.

Social Funds. Social funds or social investment funds are one of the main community-driven development (CDD) models that have an independent legal status and are outside the government. These funds provide grant financing for small-scale projects for construction and rehabilitation of essential social and economic infrastructure, including schools, clinics, irrigation systems, water supply and sanitation, roads, and communal areas. The projects are generated and managed by local agents to enhance their ability to support service delivery using community-based, participatory methods, and competitive procurement procedures. Community groups' control over resources and decision making plays a central role in the initiation, design and implementation, operation and maintenance, and monitoring and evaluation of the projects. The social funds' bottom–up model can enable citizens to (i) influence both service delivery priorities, and (ii) improve service delivery quality. Community participation allows demand-driven micro-project selection and prioritization. Delegation of procurement and financial management are crucial for promoting local control (Narayan and Ebbe 1997; De Silva and Sum 2008).

In Asia, social funds include the National Solidarity Program (NSP) in Afghanistan, the Armenia Social Investment Fund (ASIF), the Georgia Social Investment Fund (GSIF), the Village Investment Project (VIP) in the Kyrgyz Republic, the National Social Investment Fund in Tajikistan (NSIFT), KALAHI-CIDSS in the Philippines, PNPM in Indonesia, the Poverty Reduction Fund (PRF) in the Lao PDR, and the Nepal Poverty Alleviation Fund. In order to enable citizens to hold their leaders accountable, social funds introduce a number of requirements for transparent information dissemination. For example, the VIP in the Kyrgyz Republic requires that all micro-project budgets and actual costs be posted on public bulletin boards and progress be regularly reported to the community (Babajanian 2009).

By contrast, the awareness campaigns did lead to volunteers being trained and working on remedial, after-school education with significant impacts on children involved. Another study in Karnataka, Madhya Pradesh, and Uttar Pradesh in India also provided information to communities on village education committees (VECs; see Pandey, Goyal, and Sundararaman 2011). This found much greater awareness of VECs in Karnataka than in Uttar Pradesh. The intervention led to significant gains in teacher attendance, the functioning of VECs, and math scores. In Armenia, communities with effective leaders—who had strong leadership skills and who were committed to their communities—were more successful in obtaining micro-project funds and effectively managing micro-projects (Babajanian 2005). The findings of a qualitative survey of KALAHI-CIDSS in the Philippines also suggest that village officials were instrumental in the choice of the subprojects (ADB 2012b). These case studies suggest that social funds serve as effective instruments for promoting community participation in planning and prioritization of local infrastructure and service investments and in the monitoring of service delivery.

However, not all cases tell success stories. One careful study of a district in Uttar Pradesh, India, conducted by the NGO Pratham found no impact on education quality even when linked to village-level awareness campaigns on the low quality of education (Banerjee et al. 2010). Similarly, Babajanian (2009) suggested that the VIP project in the Kyrgyz Republic ensures the demand orientation mostly by "controlling" rather than by "transforming" local power relations. The qualitative assessment of PNPM-Rural suggests that the elites and activists tended to exert a strong influence over the

micro-project prioritization and proposal generation. It notes that the influence of the marginalized groups,[10] including female-headed households and household heads with no primary education in the decision-making processes, was minimal (Syukri, Mawardi, and Akhmadi 2010; Akatiga 2010). This can be partly explained by the insufficient capacity of outreach workers and inadequate processes of community mobilization.

Leadership skills, formal authority, and informal influence of community leaders are important attributes that enhance the capacity of community groups to comply with the social fund requirements. This however implies that communities with weak leadership capacity can be less successful in initiating social fund interventions and benefit from the capacity building exercises they offer. Another downside is that strong leaders may exercise top–down control, dominate participatory processes, and stifle community voice and initiative. Social funds are also prone to "elite capture," in which powerful individuals may dominate the participatory processes and exclude those who do not belong to their class. Informal relations based on patronage represent an obstacle to claiming and exercising citizenship rights and reproduce social inequalities (Kabeer 2002: 23). A challenge therefore is how to ensure that the poorest and marginalized participate and promote their interests since communities are composed of diverse individuals, with different degrees of control over and access to economic resources and modes of production (Chambers 1997: 183–187; Cleaver 2001: 44–45).

Table 6 summarizes the main strengths and weaknesses of community participation and community-driven development as well as conditions required for their successful implementation and outcomes.

Table 6. Strengths and Weaknesses of Community Participation and Community-Driven Development

Strengths	Weaknesses	Conditions for success
Provide institutional channels for citizen participation in planning, prioritization, implementation, and monitoring	Communities with weak leadership capacity may be less effective in attracting funds and benefiting from social funds	Conduct effective information and community outreach to promote meaningful participation and social inclusion
Promote demand-driven service delivery	Marginalized citizens may not be willing and able to participate and articulate demands for services	Incorporate rules and procedures to ensure inclusion of diverse social groups
Enable citizens to influence service delivery quality	May be prone to elite capture in environments with high levels of corruption and clienteles	Invest in the capacity building of outreach workers and facilitators
Promote accountability and transparency in service delivery		Promote community participation in local decision making and establish close supervision to prevent elite capture
Use community-driven development bottom–up model for institutionalizing citizen participation in local governance	Limited evidence about the potential to institutionalize citizen participation and improve governance outside micro-projects	Establish formal requirements for citizen participation in the governance sphere and carry out broader governance reforms

Source: Babajanian (2013).

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10   Marginalized groups are defined in the context of PNPM as those with limited assets, living in peripheral areas with limited basic infrastructure, having limited income with a large number of dependents, and originating from an ethnic or religious minority (Akatiga 2010: 3).

State versus Private Provisioning

There is little doubt that empowerment—via the various mechanisms discussed in the previous section—increases the accountability of public service providers to citizens and communities, and puts pressure on providers to improve their performance in service delivery. Clearly, the ability of empowerment to improve service delivery will depend on complementary changes in the workings of state institutions, including the bureaucracy, the political process, the judiciary, and the frontline providers. It is certainly plausible to envisage a situation where these institutions remain resilient—and impervious—to increased accountability pressures. But, in the final analysis, how far should the state go in directly providing services to empowered citizens?

Role of the State

The provisioning of basic services, such as water, sanitation, and primary education, cannot be left to the market alone since these services have the characteristics of public goods. In other words, these services have significant positive externalities and are typically non-excludable. So, for instance, vaccination against measles and polio has a large health benefit beyond that to the child being vaccinated, and it is impossible to exclude any person from enjoying the benefits of pollution control (i.e., clean air). This market failure is the classic argument for state intervention; services like immunization and pollution control will be under-provisioned by the private sector because people have an incentive to free ride on the provision of others. The state therefore needs to provide these services to generate maximum social welfare.

There is another class of public services that typically have to be either provided or regulated by governments because competitive markets do not exist for these services. Public utilities, such as gas, water, and electricity, fall in this category; they are often natural monopolies because the infrastructure required to produce and deliver a product such as electricity or water is expensive to build and maintain. Consequently, they are provided by government monopolies or are extensively regulated by governments.[11]

Finally, some public services, such as subsidized housing, need-based student scholarships, supplemental income transfers, and family planning services, are provided by governments as means of redressing economic inequality and achieving social goals, such as poverty alleviation and population control. Typically, there would be little incentive for private providers to provide such services, unless they are contracted (and paid) by the government to provide them.

While there is a strong case for governments to take responsibility for some essential services, many Asian governments are constrained by lack of fiscal resources. In fact, in several countries, essential public services are already contracted out for delivery to private providers and NGOs that provide microcredit, health, sanitation, and education services. Especially NGOs usually have a wider reach than government providers and often cater to marginalized communities in difficult-to-reach regions. Contracting with them to supply social services on behalf of

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11 Recent developments in technology have somewhat weakened the natural monopoly argument for utilities, and, in many countries, services such as electricity generation and transmission, telecommunication, and postal services have become competitive.

the government may result in greater population access. The poor in developing Asian economies often prefer private and NGO providers to state providers. Additionally, since private providers bear more demand risk than public providers, they are more vulnerable to sanctions from consumers and thus have a stronger incentive to be more responsive to consumer needs and concerns, reflecting client power. Finally, in many cases, nongovernment providers have a lower cost of service delivery than government providers, thus permitting provision of more services within a given service delivery budget (Bräutigam and Segarra 2007; Brinkerhoff and Brinkerhoff 2002, 2011; Feiock and Jang 2009; Joshi and Moore 2004; Mcloughlin 2011).

An example of a successful partnership between key stakeholders, including NGOs, the government at all levels, corporations, and citizens is Pratham, an NGO established by Amartya Sen, which works in the area of elementary education in India and gender inequality in Bangladesh. The four largest NGOs in Bangladesh that extend microfinance services have about 14.2 million borrowers. NGOs and other voluntary associations are equally widespread and important in other countries in the region, including the Philippines.

Public–Private Partnerships

A hybrid model is a public–private partnership (PPP), a system under which public services are funded and operated through a partnership between the government and a private company or citizen-based organization. Contracting is a type of PPP. With careful design and management, contracting can often improve the quantity and quality of public services.

There are three important considerations in selecting and implementing a PPP. First, it is important for a government to match a provider—whether a private company or an NGO—with the specific service being contracted out, based on the comparative advantage of the provider and the nature of the service (i.e., provision of a public good, private good, or both to a target population). For instance, the possibility of charging user fees for private goods will appeal to for-profit firms, while greater importance of social or equity goals in the delivery of public goods or private goods will appeal to NGOs.[12]

The second step is to motivate the private or NGO provider whose goals or preferred ways of achieving them are not necessarily identical to that of the state agency. In general, the prescribed incentive scheme is to tie payments for services to performance. In these so-called high-powered incentive schemes, the firm will be motivated to expend efforts toward the desired outcome of the partnership. In the extreme, the firm could be made the *residual claimant,* that is, the party that absorbs the net revenues or losses. There is an important caveat to this prescribed rule though. The matching of non-state providers to the public service being contracted out as well as the choice of incentive mechanism appropriate to the PPP is summarized in Figure 21.

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[12] For example, the Pratichi Trust, founded by Amartya Sen, is an NGO that is committed to inclusive and effective development, especially by tackling illiteracy and poor education, child nutrition, the lack of basic affordable health care, and the disadvantages faced by women and young girls in many states of India.

Figure 21. Service Delivery Mechanisms

Priority on equity — high:
Example: Small-scale utilities (water and sewerage), personal health care services
Delivery mechanism: Pure public or public–NGO provision
Incentives or motivational factors: Low-powered incentives in the public sector; cost-sharing with NGO

Priority on equity — low:
Example: Infrastructure (airports or superhighways)
Delivery mechanism: Privatization to public–private partnership (with for-profit firms)
Incentives: Free for services with regulation; variants of build–operate–transfer schemes or joint ventures, concessions (depending on the required capital investment and tolerance for risks)

Coverage — National:
Examples: National defense, monetary policy, foreign affairs
Delivery mechanism: Pure public provision-required investment is high; government valuation is higher than private value; possibility of hold up;
Incentives or motivational factors: Electoral incentives; career concerns, promotion, public recognition, morale, ethics

Coverage — Local:
Examples: Local mangrove or forest protection; parks, and recreation
Delivery mechanism: Pure public provision; co-provision with NGOs
Incentives or motivational factors: Electoral incentives, career concerns; mission-oriented advocacies; cost-sharing

Public service — private good / public good

NGO = nongovernment organization.
Source: Capuno (2013).

If social objectives—like targeting the poor—or the quality of the private good are more important than the quantity supplied to the target population, then making the private firm the residual claimant will not serve the purpose. This is because the private entrepreneur will skimp on costs at the expense of quality or concentrate toward paying clients. Thus, depending on how the state agency defines the success of the project (i.e., relative weight between social objectives and mere quantity provisioning), "residual claims should be given to the party whose investment is more important to the success of the project."

Thus, in typical PPPs for large infrastructure projects, the private contractor may be allowed to build, operate, or lease the project over a period of time, during which it collects fees, depending on the state's capacity to raise capital and tolerance for risks.[13] The partnership can make allowances for social objectives as part of the private firm's corporate social responsibility or by building it directly into the firm's allowable rate of return on its investments.

In small-scale infrastructure projects or when the social objectives are more important, the state agency can partner with nonprofit firms. Since these firms are normally mission-oriented, monetary incentives are less needed. They will participate

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[13] The state presumably weighs these financial costs against the possible social costs of temporarily "privatizing" the ownership or operation of the infrastructure project.

in public projects that are aligned with their advocacies, such as catering to the needs of marginalized groups (poor, women and children, ethnic minorities, senior citizens, or persons with disabilities), or certain causes (e.g., environmental protection, human rights, preservation of indigenous or endangered plants and animals). Unlike for-profit firms, NGOs usually do not require payments for their inputs or services and do so only to defray part of their costs and not to earn profits.

Government–NGO partnership could also work in the provision of public goods, especially local public goods. In the provision of these goods, there is no residual claimant, and therefore it is less attractive to private for-profit firms. These services are usually provided free of charge or for a minimal fee. Moreover, whatever revenues are generated usually become part of the state agency's general fund (or go to the state treasury), which may or may not then be allocated to the provision of the contracted service. Since local public goods have only limited service coverage (or beneficiaries), they can be targeted to specific groups. If these goods are targeted to the poor or other marginalized groups, then NGO delivery seems appropriate.

The third issue is that of regulation. The argument is often made that non-state providers are under-regulated, since they do not fall under the purview of strict rules and regulations that public providers have to follow. This is especially the case in countries with weak state capacity, lack of information, and poor dialogue between the state and non-state providers. The regulation issue needs to be addressed in a binding contract that explicitly states the minimum standards of quality that will be provided by the non-state provider. Since all possible contingencies that might arise cannot be anticipated in advance, conflicts between the state and the non-state provider are inevitable. There should also be a clear process for arbitrating and resolving such conflicts.

The following four case studies of PPP from developing Asia highlight the three considerations discussed earlier. They highlight how governments can significantly improve service delivery by carefully choosing non-state providers for particular tasks and tailoring an appropriate service delivery agreement with them.

Case Studies

Nongovernment Organization Management of Public Primary Health Care Centers in Karnataka, India

A case of successful government–NGO partnership in the delivery of basis services is between the Karuna Trust and the Department of Health and Family Welfare (DHFW) of the Government of Karnataka, a state in India. Established as a public charitable trust in 1986 by a public-spirited doctor, the trust initially concentrated on the control of leprosy among ethnic populations in the poor areas of Chamrajnaggar District in Karnataka. Its immersion in the tribal areas convinced it to expand its delivery of health services to include tuberculosis control and to support local government-run primary health centers (PHCs). Recognizing that it could do more to provide better health services because of staff availability, proximity, and close relationship with the service clients, the trust wanted to manage some of the government's PHCs. An opportunity presented itself under a World Bank population project that awarded grants to NGOs to run PHCs on an experimental basis. In 1996, the DHFW approved

the Trust's proposal to manage the PHCs in two districts. For its part, the DHFW saw some benefits in the arrangement. It enabled the government to address its problem of managing far-away PHCs and assigning health staff to these facilities. The staffing difficulty was partly due to restrictions then in the government recruitment practice (apparently, only once in 5 or 6 years). In contrast, the trust had greater flexibility in hiring doctors. For its part, the trust's director at the time recognized that there was no need to run parallel services with the public sector, especially when it became increasingly difficult to raise funds from private individuals and donors. Despite its own budget constraints, the trust opted for cost sharing in its partnership with the government to keep its independence and not compromise on issues of "equity, integrity, and quality."

While the arrangement perfectly matched the mission-oriented Karuna Trust with the delivery of a local public health service within its competence, it secured the motivation of the partners as well. For an initial period of 5 years, the trust was entrusted with the care, operation, and management of the PHCs. The contract further stipulated that the trust will perform tasks consistent with national and state program mandates. The trust was also responsible for appointing its own staff subject to the approval of the DHFW. For its part, the state government committed to provide 50% of the management costs, while the World Bank project provided new pieces of furniture. In addition, the local *zilla panchayat* (a local government body at the district level) provided a grant-in-aid to cover 90% of the operating budget, while the trust shouldered the remaining 10%. The grant was reduced proportionally to the amount of the drugs supplied to the PHCs by the local governments. These are some of the key features of the partnership.

The initial partnership became so successful that in June 2003 the Karuna Trust was entrusted to manage two more PHCs. By 2007, it was already administering 23 PHCs, 2 primary health units, and 2 clinics across Karnataka. The success of this arrangement between the trust and the DHFW laid the foundation for a new policy on public–NGO partnerships in Karnataka state. The new scheme permits NGOs and other charitable institutions as well as private medical colleges to fully administer or coadminister PHCs. The new contract stipulated a 75%–25% cost sharing between the state and the private sector partner.

Clearly, in this case, there was a mutual codependence in both the partners' objectives and a mutual agreement in the means to achieve them. In pursuing its mission, the Karuna Trust also ended up in a position where it can influence important public services targeted to marginalized groups (tribal population). Since the partnership's objectives were aligned with the trust's own advocacy, it was willing to bring in additional resources to improve both the PHC's physical setup and services. Arguably, the same gesture increased the credibility of the trust with the government, which together with the fact the local officials can easily observe or verify the trust's activities, rendered the need for monitoring less critical.

There were two main factors that made the partnership possible and successful. First, there was willingness on the part of the state government, especially the DHFW, to work with NGOs. This willingness enabled the Karuna Trust and the DHFW to try and carve out a special arrangement. Second, the trust director had a great deal of credibility and influence in his membership in various state- and national-level commissions and committees, where he was able to advocate for increased PPPs.

Contracting for Health Services in Cambodia

When the Cambodian government in 1999 first tried on an experimental basis to contract out the management of government health services to NGOs, the country was facing a severe service delivery capacity. To get around this constraint, the Ministry of Health tendered a bid to provide a minimum package of health services (including preventive, promotional, and simple curative health care services) in selected districts. To see whether such an arrangement would work and under what conditions, the government specified the performance measures and the incentives to be used. The performance measures included service delivery coverage indicators, including antenatal care, facility delivery, child immunization, receipt of vitamin A capsules, family planning awareness, and contraceptive prevalence rates. Additional outcome indicators were also employed, including health facility management, such as 24-hour service at the health center, staffing, maternal delivery services, and collection and transparency of user fees.

Since the government unilaterally specified these performance and outcome indicators, there was no assurance of a buy-in among the winning bidders, which were all NGOs. To motivate these private sector partners, the government tendered two types of management contracts. Under the first type of contract, the NGO contractor was engaged to provide administrative assistance only to the government health staff stationed in the concerned health facilities. In exchange, the government provided NGOs' operating budgets in the same manner as ordinary districts. These contractors were granted an additional budget supplement amounting to $0.25 per patient out of the loan funds (from multilateral institutions). In this setup, the contractors had full management control over the allocations and disbursement of their budgets but had to follow existing government system for the procurement of drugs, equipment, and supplies using public funds. Under the second type of contract, the NGO partners had the same tasks and responsibilities as those under the first type of contracts; in addition, though, the NGOs under the second type of contract had the prerogative to directly employ their own staff.[14] To tease out the effects of different contractual arrangements on health performance and outcome indicators, the contracts were randomly introduced in 8 of 12 selected districts in the country, with the remaining four districts as controls (where the government continued to administer the local health services). The project was implemented from 1999 to 2003 and covered about 1.26 million people, approximately 11% of Cambodia's population. An impact evaluation showed that the targeted service outcomes in the treatment districts were better than those in the control areas, which indicate that NGOs had indeed some comparative advantage over the government in the delivery of basic health services to some population groups. More interestingly, however, the evaluation also showed that districts where greater managerial autonomy was granted to NGOs showed greater improvements in terms of health center management. This result suggests that, if given the leeway, a mission-oriented private sector partner will even find a better way to deliver the same results. In addition to the desirable supply-side impacts, the intervention also led to reductions in private health expenditures. All these results only show that there is room for experimenting with various incentives schemes even if potential partners are appropriately matched with service delivery required.

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[14] The existing government health staff at the time could either join the contractor's organization (with the latter's concurrence) and take a leave of absence from government services or be transferred to another government in another district.

What differentiates the contracts between the Karuna Trust and the DHFW in Karnataka and the NGOs and the Government of Cambodia is the stricter contractual obligations of the NGOs in the latter. This is understandable since NGO partners in Cambodia had to follow stricter protocols and deliver certain results under the experimental setup. These strictures included hiring existing health staff presumably at civil service rates, which could be higher than if the NGO partners were to hire on their own terms. In the case of the Karuna Trust in Karnataka, however, the NGO is known to hire doctors and health staff at lower-than-government rates, which unfortunately led to faster turnover of its personnel. Thus, while the NGOs in Cambodia were matched to the type of services within their competence (local health services), they had less flexibility in the ways to deliver these services, which could be costly. Monetary support from the government was perhaps necessary to entice then to participate.

Microfinance and Nongovernment Organizations in Nepal

Whereas the two case studies reviewed underscore the importance of an enabling environment and the government's openness to work with NGOs, the third case study depicts exactly the opposite. In Nepal, the government was interested in expanding credit access by extending it to the rural population. At the same time, NGOs had the latent capacity to help service this particular need of the poor households in the country. Instead of adopting an alternative service delivery mechanism, the government instituted regulations that inadvertently foiled potential matches between private microcredit providers and household borrowers.

To widen private sector participation in providing microfinance services, the Government of Nepal in 1992 established two banks patterned after the famous Grameen Bank model in Bangladesh. In addition, the country's central bank issued a directive requiring commercial banks to set aside 3% of their total loans for poor, marginalized borrowers. Although 17 commercial banks complied with this directive, the country only had limited success in widening the access of the poor to microcredit facilities and in promoting small-scale business enterprises in the rural areas.

Relative to the government banks, NGOs appeared to have a cost advantage in extending microfinance services. Since they use volunteer workers, they can operate at lower costs. In contrast, government banks rely on salaried employees. This required them to operate at sufficient scale to reduce their average costs (per borrower), which was difficult to achieve in low-density areas where many of the target clients resided. The then Maoist insurgency in the country aggravated the problem. State-owned regional banks and private microfinance institutions and private banks were unable to penetrate conflict areas. Compared to these financial firms, NGOs are less of a target by Maoists rebels, which arguably makes them viable conduits of microcredit to the target population. The experience of Nepal offers a lesson in engaging private sector providers for their comparative advantage, which is their presence in hard-to-reach areas.

Water Service Delivery to the Poor in Metro Manila, Philippines

The final case study involves the delivery of a private good, achieved through privatization, but with an important equity component, achieved in partnership with NGOs. While the service delivery mechanism is essentially between the state and a for-profit firm, the engagement of an NGO in this case only shows that partnerships need not be purely bilateral.

In 1997, the government privatized the operation of the Metropolitan Waterworks and Sewerage System (MWSS). The privatization was undertaken to meet the increasing demand for water and sewerage services of a rapidly expanding population in Metro Manila. Two firms won in separate competitive bids and were each awarded a 25-year concession agreement. Each company was a consortium of some of the most successful private corporations engaged in many industries in the country and some equally competent foreign firms.

Since water and sewage services are essentially private goods, the winning concessionaires were allowed to charge user fees to recover their investments and operating costs and earn some profits. In particular, they were allowed to petition for rate adjustments based on inflation, extraordinary circumstances, and rebasing. They were also granted a 6-year tax holiday, preferential tariffs of 3% on imported capital equipment, and tax credits on locally produced capital equipment until end of 1997. In addition, they were exempted from paying local government and franchise taxes, and the value-added tax on the supply and distribution of water.

In turn, the concessionaires were mandated to supply water for 24 hours every day to all connections no later than June 2000 and keep a satisfactory water quality for drinking and other purposes. In addition, the private firms were required to maintain minimum equity investments (amounting to 20% in the first 5 years), post performance bonds, and pay other fees to the government. For the initial years of operation, the concessionaires were permitted to collect water and sewer charges based on their bid prices.

Apparently, given the incentives under the agreement, the concessionaires proved up to the task. Reportedly, Metro Manila following the privatization had achieved the lowest water rates in the Philippines and in the Association of Southeast Asian Nations (ASEAN) region. Despite initial financial difficulties, the two concessionaires then appeared poised to recover their losses.[15] They both were able to reduce their so-called non-revenue water from leaks, illegal taps, metering errors, and nonpayment of service connections. Reputedly, most of the non-revenue water was lost in the slum, poor areas in Metro Manila.

To address this particular problem and at the same time continue to cater to the needs of the depressed communities, one of the companies shifted from its initial strategy of providing a standpipe to serve a group of households to another strategy of providing individual household connections. From the company's perspective, the "Water for Community" program made sense, since it facilitated the payment for water consumption. To entice more households to get their own water connections, the company waived its land title requirement that many of the urban dwellers failed

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[15] However, later events show that Maynilad Water Services had to sell its concession contract to another firm.

to satisfy. To make the cost of connection within reach, it further allowed households to pay for their water connections on staggered basis over a period of 6–12 months and to be added to their regular monthly bills.

In the rollout of the "Water for Community" program, the company saw the need to engage several NGOs to serve as social intermediaries between it and the relevant communities. These NGOs first undertook information and education campaigns. A foreign NGO (Médecins Sans Frontières) was tapped to help improve the sanitary conditions in the slum areas by encouraging community participation. In Malabon City, a local NGO (Lingkuran sa Ikauunlad na Ganap ng Pamilya Foundation, or LINGaP) was also engaged to assist in the sanitation and health education drives in the urban poor communities.

The parties all contributed their own resources to the undertaking. The local NGO provided transport and materials, while the community (through its homeowners association) provided free labor as well as storage and security for the materials, tools, and equipment used. The company provided the individual water connections, while the city government contributed a total of P600,000 to procure materials for the drainage system and other logistics support.

The partnership that carried out the "Water for Community" program proved successful. More households benefited through their increased water consumption. Feedback from focus group discussions reveal that many of the newly connected households claimed to have been empowered and become "legitimate part of society." For the company, the project made business sense as its revenues increased with the water consumption and could be considered as good corporate social responsibility.

What this last case study reveals is again the potential gains that can be realized from alternative service mechanisms, and the suitability of incentives schemes to the types of service delivery partner engaged in the process. The provision of the water and sewer services in a metropolitan area is rightly assigned to a private firm, which has greater access to the required financial investments and technical resources, with the right to charge user fees that most households will be willing to pay for the water connection and for the actual water they consume. The needs of the poor households, as shown in this case, need not be sacrificed. They can be connected to the water system with the help of NGOs and local governments, who presumably are both motivated to support the poor households. By engaging the latter in a very particular activity (water connection), the experience has shown that privatization of a water utility still has room for other service delivery mechanisms.

Information and Communication Technology

The previous sections presented a case for leveraging the private sector, but there is one downside to the contracting out of public services to non-state providers. Sometimes, the exit from state provisioning of basic services can reduce the broader pressure for tackling bureaucratic and organizational performance issues in the public sector. This exit is partly driven by people's choice (notably in education and health, where rising incomes create a preference for non-state providers), but also by political and bureaucratic leaders, where PPP is seen as a solution to the weaknesses of the state. This fails to take account of the frequent need for more effective state regulation—and associated accountability mechanisms—in both social and infrastructural services. Information and communication technology (ICT) has emerged, in the last two decades, as a powerful tool for improving internal efficiency in government functioning, and thereby mediating the influence of empowerment on service delivery. ICT can facilitate citizen and community empowerment, for example, by permitting easy access to information on the performance of service providers on the budgets and workings of government, and making it easier to monitor them. It can also directly improve the delivery of services by encouraging transparency and accountability, cutting intermediaries, streamlining procedures, and increasing delivery efficiencies.

Improving Service Provision through ICT

"... given the nature of poverty in India as well as the nature of available technology, it was not unreasonable in 1947 (when India became independent) to concentrate on elementary education, basic health, and so on, and to not worry too much about whether everyone can effectively communicate across the country and beyond. However, with the development of the internet and its wide-ranging applications, and the advance made in information technology (not least in India), access to the web and the freedom of general communication has become a very important capability that is of interest and relevance to all Indians" (Sen 2005:159).

Many governments are using ICT for improved delivery of services, for example, ensuring property rights and connecting the poor to markets to lower their transaction costs (Bhatnagar and Singh 2010; Bhatnagar 2009a). Several countries in Asia are home to a large number of experiments in the use of ICT for sustainable development. These initiatives have been launched by governments, private enterprises, civil society, and cooperatives.[16] However, very few of these experiments have been scaled up to national levels, which is why the impact of such experiments on the broader society still remains modest. However, there is significant promise in the ability of ICT to improve service delivery. What is needed is for policy makers to identify scalable initiatives and design institutional mechanisms that can help in wider replication of successful experiments.

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16   See UNESCO's Solution Exchange for ICT for Development Community in India.

ICT can be used in diverse applications to accelerate information dissemination, to improve efficiency of public services, to increase the transparency and accountability of government administration, to reduce corruption, and to facilitate citizen participation in local governance.[17]

Figure 22 presents four different types of these applications and the outcomes that can be achieved from them.

Figure 22. Different Types of Information and Communication Technology Applications for Rural Poor
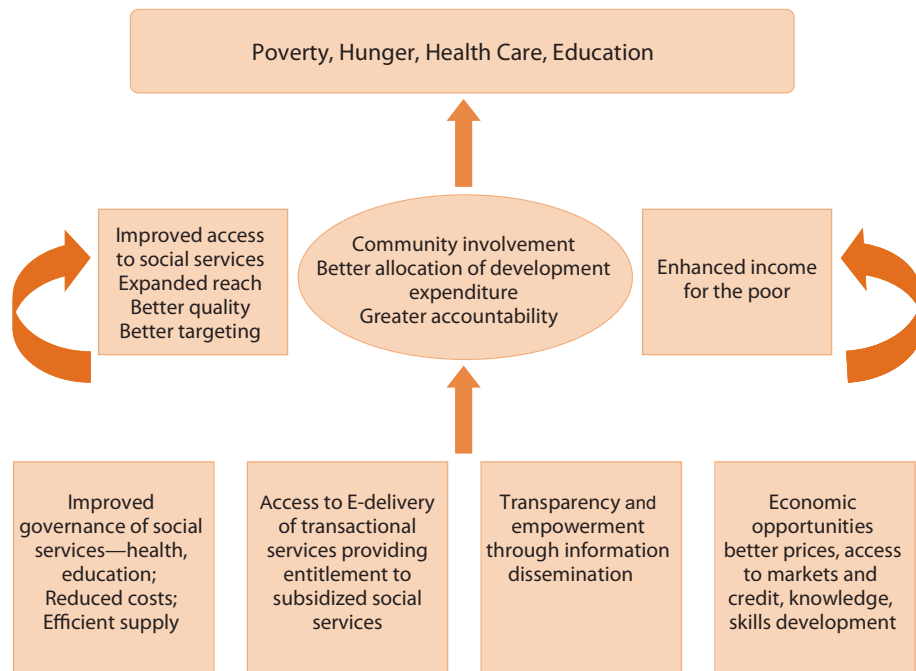
Source: Bhatnagar (2013).

The first type of application consists of ICT interventions in an existing program of delivering public services (e.g., in health care delivery). For instance, in a pilot project in the Indian state of Karnataka, beneficiaries are given smart cards that hold their personal information and allow instant updating, upon delivery of a service, through the use of a hand-held device by the field workers. The Management Information System reports generated by the workers in the new system are based on beneficiaries saying they have received a service rather than a worker saying that service was delivered. The local public health officials are better able to monitor service delivery, evaluate beneficiary experience, identify service delivery gaps, and respond promptly to concerns such as supply shortages, lack of community involvement, and needs for further training.[18]

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17 For some examples, see case studies on empowerment at the World Bank's PovertyNet website and Bhatnagar and Schware (2000)
18 See World Bank's Beneficiary Verification and Feedback Empowers Access to Health Services in Karnataka.

In the second type of application, ICTs enable electronic delivery of government services, such as caste and below-poverty-income certificates, to the rural population, thus entitling that segment of the population to subsidized food, fertilizer, and health services. Copies of land titles are being electronically delivered to facilitate access to farm loans and reduce the cost of land transactions. E-delivery improves access to such services and also reduces the cost of accessing such services (Gupta, Bagga, and Ayaluri 2010). The third type of ICT application involves sharing information on public expenditure at the local level to increase transparency of budgets and generate community involvement in public expenditure decisions. Similarly, information on performance of government agencies shared with citizens can promote community auditing of project execution[19].

The fourth type of application focuses on enhancing rural incomes by providing information on economic opportunities, knowledge of best practices, and current prices of agriculture commodities through websites, call centers, and mobile phones. The Government of Sri Lanka has launched a multilingual call center to make it faster and easier for citizens to access government services. By dialing a particular toll-free number from any phone, individuals can obtain information on how to replace their identification cards or how to get a loan facility from a government bank (Low 2009, Samarajiva 2012).

Examples of all four types of ICT interventions noted are discussed below. The projects that are described are not pilot projects; they have been launched on a large scale (and almost universal in some areas). Because India has been a pioneer in the use of ICT in service delivery, all four examples discussed are from India.

Case Studies

Payment of Pensions and Wages through Electronic Banking

The Government of Andhra Pradesh in India has used ICT to completely revamp the system of payments to the elderly under the National Old Age Pension (NOAP) Scheme, which also covers widows and the physically handicapped.[20] Under this scheme, monthly payments to the identified beneficiaries are made by *panchayat* (village council) functionaries. The scheme under the NREGA has also been revamped using end-to-end ICT solution to simplify activities, such as issuance of job cards to rural households, identification of work to be undertaken, generation of work estimates, and monitoring of work execution. All wage payments under the NREGA are made directly to savings bank accounts opened by workers with their nearest post office. Prior to this mandate, when cash payments were made, there had been reports of reduced wages or nonpayment of wages to workers.

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[19] The website of the Ministry of Panchayati Raj has sparsely populated content on best practices.
[20] This case study was commissioned by LIRNEasia (www.lirneasia.net), as a part of the "Mobile 2.0@ BOP" research project.

The new approach in making payments represents a partnership between the Government of Andhra Pradesh and an NGO, Zero Mass Foundation (ZMF), which credits the monthly payments of rural payees to their bank accounts and facilitates the withdrawal of funds from the account without requiring the payees to go to a bank branch or a *panchayat* office. It was possible to implement this project because the Reserve Bank of India, under its Financial Inclusion Program, permitted scheduled banks to appoint business correspondents as bank agents who are authorized to open an account, and to perform deposit and withdrawal transactions from a beneficiary account.

ZMF acts as the business correspondent for the six banks that have been assigned specific districts for the purpose of making pension and NREGA payments. ZMF has set up offices in every district covered under the program. In each district, several customer service points (CSPs) have been created by selecting women from the local self-help groups (SHG) who are given a kit consisting of a general packet radio service (GPRS)-enabled special mobile phone and accessories. These kits can process banking transactions such as deposits and withdrawals electronically by real-time exchange of information with the bank's database at the back end. Customers are provided banking services at a specified location within each village. The SHG acts as a guarantor for the member selected as the CSP.

ZMF offices handle the task of selecting and training CSPs, providing kits to CSPs, maintaining the kits in the field, collecting and storing enrollment forms and data entry of information entered in the forms, and liaising with the local bank branch for withdrawal of cash for disbursement, deposit of excess cash after disbursement, and movement of cash from the bank branches to the CSPs.

Once the list of eligible beneficiaries is made available to the banks, enrollment camps are conducted in villages by a team consisting of employees of the bank, ZMF, and local government functionaries. Five fingerprints, a photo, and other personal details of the beneficiary are captured. The enrollment data are stored on the mobile phone and later downloaded to the servers of ZMF through a GPRS service. The data from the forms are digitized and transferred to the concerned bank's central branch in textual form as an electronic file. The central bank server passes the data to the link branch with the validated data of beneficiaries. The bank branch reviews the data and authorizes the opening of an account, which takes about 3 weeks.

The CSP is required to complete a biometric log-in by scanning fingerprints through the fingerprint reader, prior to starting transactions in a session. The CSP's mobile phone has the details of the beneficiaries' accounts. When a beneficiary comes to withdraw money, an index fingerprint is captured on the biometric device. The device also pulls up the stored photo of the beneficiary. The CSPs generate a receipt in duplicate. ZMF operates in 127 districts across 26 states in India with nearly 6,000 CSPs serving a total of 1.5 million NREGA payees, and 0.7 million pensioners.

The project demonstrates the potential of using GPRS-enabled mobile phones with a low initial investment, low operating cost, not requiring regular electric supply, easy maintenance, and easy-to-learn operations. The project delivers services that offer greater convenience to pensioners and are free of bribes. The government saves nearly 30% of the pension payout every month by weeding out "ghost" pensioners.

The critical role of low-cost organizations, such as ZMF, which can support the operations in rural areas needs to be highlighted. In the context of using a unique identification number (UID) for authenticating the beneficiary, the policy makers ought to have recognized the need for institutions like ZMF to open accounts and operate the cash subsidy scheme that has been announced by the Government of India.[21] Clearly, efforts to learn from existing successes by those who float technology-related initiatives to help the poor are weak. In fact, the ZMF experiment almost collapsed in 2010 because the fee reimbursed per transaction to ZMF was not financially viable.

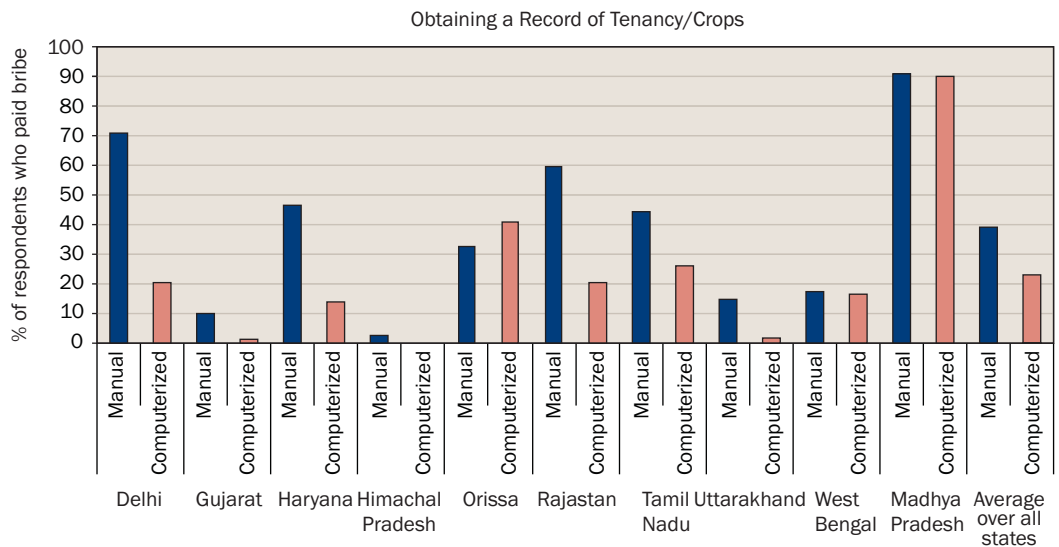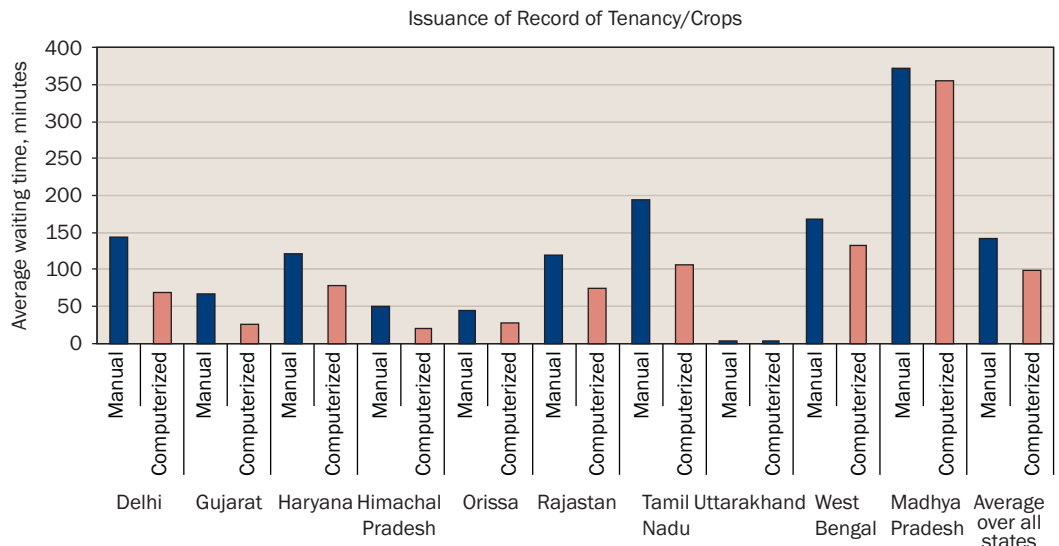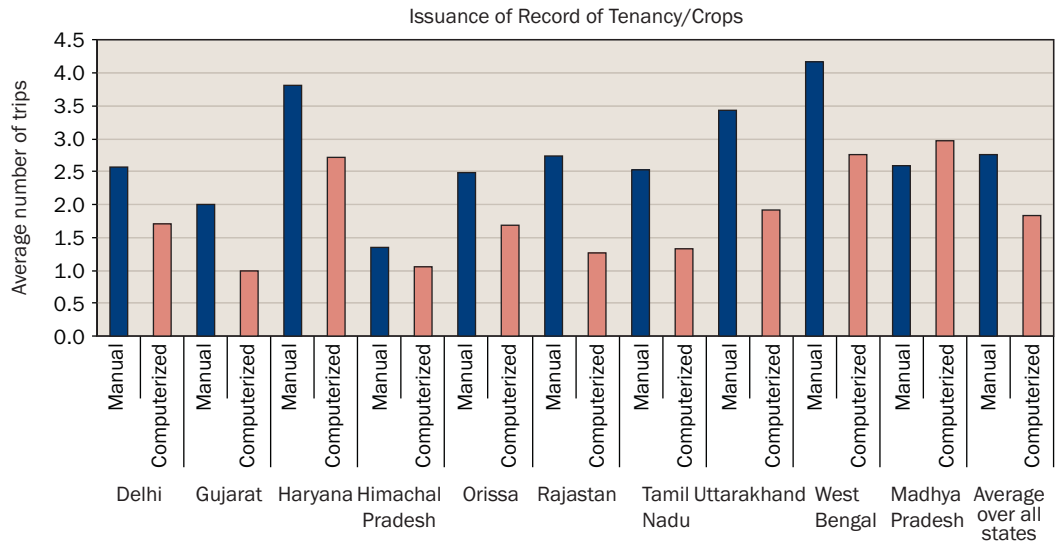## Computerized Management of Land Records

Nearly 15 states in India have implemented an e-governance project called *Bhoomi* (meaning land) to manage land records and issue copies of ownership records. The record of land ownership document is required for obtaining crop loans from banks. The *Bhoomi* service is already used by millions of rural landowners. A study commissioned by the Department of Information Technology, Government of India, to ascertain the directly measurable and perceived impact on citizens of e-governance applications in the service delivery from seven key departments across ten states of India showed that computerized delivery reduced citizens' cost of accessing such services by Rs100 per service transaction. A common measurement framework was used in the study in which the costs to the citizen of accessing a service (e.g., number of trips to a delivery point, waiting time at delivery point, and payment of bribes) were measured directly through a survey. Nearly 700 citizens distributed over 24 locations within a state were surveyed to capture their experience of using each service in manual mode and using the same service after computerization.

The impact on key dimensions in the land record project across ten states is shown in Figure 23. Results indicate a poor state of delivery of services through the manual system. On an average, a user needs to make three to four trips to government offices, wait for 2 hours or more (up to 6 hours in some states) on each trip, and pay frequent bribes (ranging from 20% to 90% of the transaction value) to obtain the service.

Figure 23 indicates that after computerization, rural landowners experienced significant improvement in service delivery on all three indicators. Overall, the number of trips to offices was reduced by 1 from an average of 2.7. Waiting time was reduced by 30%. In five out of ten states, there was a significant reduction in the proportion of transactions in which a bribe was paid, suggesting that e-governance seems to have the potential to reduce corruption significantly.

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21   If pension payment had been replicated all over the country, use of UID to identify the beneficiary would have been an easy task and the scale-down of a modest plan for cash subsidies could have been avoided. See The Economic Times (2012).

Figure 23. Indicators of Performance for Manual versus Computerized Services Offered under *Bhoomi*

Issuance of Record of Tenancy/Crops

Issuance of Record of Tenancy/Crops

Obtaining a Record of Tenancy/Crops

Source: Government of India, Ministry of Information and Communication Technology (2008).

E-governance can help reduce corruption in a variety of ways. It takes away discretion from the government functionary, thereby curbing opportunities for corruption. For example, in land records computerization in Karnataka, a first in, first out (FIFO) discipline is imposed on the order of processing applications for changes in records in the workflow system established to handle the task. Government employees cannot help anyone to jump the queue. The date and time are automatically stamped on each service request and these requests cannot be rejected arbitrarily, as a reason must be recorded if an application is rejected. Biometric log-in by operators and audit trails make it possible to track and link any corrupt operator making illegitimate changes in data through wrongful acts. By making rules simple and more transparent, e-governance empowers citizens and businesses to question unreasonable rules and procedures and their arbitrary applications. Through kiosks, websites, and their mobile phones, citizens can check the status of their service request as well as highlight any errors. Unlike the traditional system, reduced physical contact with government officials protects low-income and disadvantaged users from potential bribe-seekers.

The second phase of the *Bhoomi* project has seen further reforms. The three agencies processing land transactions (the sub-registrar's office, the revenue department, and the land survey department) were integrated through sharing of information. Any registration of a land transaction in sub-registrar's office automatically triggers a mutation process in the revenue department database. In registering a deed, the details of owners of a land parcel are automatically picked up from the land record database, preventing fraudulent registration. Nearly 1,000 cybercafes have been established by a private partner in rural areas to offer a basket of services including online land-related services.

Projects like *Bhoomi* demonstrate that well-designed ICT-enabled service delivery projects with process reforms that enhance transparency and accountability, reduce discretion vested with civil servants, and enhance efficiency can lower corruption. They also significantly reduce the cost associated with obtaining essential public services, such as land registration.

Promoting Citizen Empowerment and Engagement through Information Sharing

A successful example of information sharing with citizens is the initiative in the Indian state of Chattisgarh to involve the community in tracking pilferage of grains in the public distribution system. Members who register their mobile phones receive complete details of the truck carrying grains to their fair price shops. This information has helped in checking diversion of trucks (One World Foundation 2011).

Another program called e-Panchayat is being implemented under the Government of India's National e-Governance Plan (NeGP). This plan focuses on computerizing local government functioning, so that information on development expenditure and performance of executing contractors can be shared with communities. This is expected to empower such communities to demand a fair allocation of development expenditure that best meets their needs (Dinoj 2009, Bhatnagar 2009b).

However, in practice, the proportion of citizens who are willing to be regularly engaged with the government is typically small (Bhatnagar 2009c). Often, information-sharing experiments fail to yield the participation of the community in the process of planning and monitoring of works in rural areas, unless an NGO actively mobilizes the community. For example, Mazdoor Kissan Sangh (MKSS), a trade union of agricultural workers, organized a series of combined public hearings and grievance redress camps in Rajasthan.[22] These "Right to Hearing" camps were held in 4 *panchayats* to look at the delivery of services by 16 government departments. Government officials were present to receive complaints related to services/entitlements, such as health benefits, pensions (old age, widow, disability), NREGA, PDS, and electricity supply, and answer queries related to nonpayment or nondelivery of a particular service or entitlement.

In Rajasthan, the government has started a scheme by which the state departments are bound by law to receive complaints, and give dated receipts. This is the first important step for a grievance redress mechanism, as it represents the right of a person to be heard. The "Right to Hearing" camps hope to take forward this initiative of the government by increasing awareness about this mechanism of grievance redress, and to provide a public platform where there can be participation in holding government accountable. Such camps provide a space where immediate action could be taken to right actionable wrongs, correct flaws in the system, and charge corrupt officials. The camps are an exercise in making the system work from the bottom–up, creating a space where people have the individual and collective power to demand their rights and push the state to deliver.

With 40 million Facebook and 16 million Twitter users in India, social media has emerged as a powerful platform for forming an opinion as well as for generating mass support in urban India. As in other countries, its visible impact as a mobilizing force has recently been felt in India on two occasions, both representing a confrontation between citizens and the government (Singh 2012). The Ministry of Communications and Information Technology has prepared guidelines for using social media by government agencies for constructive citizen engagement (DeitY 2012). Government agencies are likely to use social media as a means to put forth their own point of view, rather than to seek feedback on policy and performance.

Empowering Farmers and Fishermen: Sharing Knowledge and Price Information

In much of developing Asia, mobile phones are playing a significant role in trade and commerce. For example, fishermen in Kerala, India, use their mobile phones to check the daily price of fish, ensuring that they land their catch at the most profitable quayside market. These simple uses of mobile phones create a high economic impact on individual producers by eliminating intermediaries. Many tradespeople have doubled their income by simply using a mobile phone, through which their services can be requisitioned directly by consumers.[23]

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[22] Camps were organized in Saarot, Taal, Kushalpura, and Barar panchayats of Rajsamand District, Rajasthan, on 27 December 2012.

[23] See a film on How Mobiles are Helping Farmers and Fishermen, exclusive Telecom TV Report from Kenya and India filmed on 13 March 2009 as part of the Mobile Planet Project, in partnership with the GSMA. Available at http://web20.telecomtv.com/comspace_videoDetail .aspx?v=3261&id=e9381817-0593-417a-8639-c4c53e2a2a10

In an internet-based initiative called e-Choupal, started in 2000 by ITC, a large Indian agribusiness private firm, farmers are being empowered by sharing price information and improving the handling of procured food grains (Kumar 2004). Often, farmers are exploited by intermediaries due to lack of information on prevailing prices for their produce. The ITC has set up 6,500 e-Choupals across eight states of India to procure 13 commodities, including oilseeds, grains, and coffee.[24] Farmers visit the e-Choupals located in a nearby village and operated by one of the local farmers on behalf of ITC. They can obtain information on weather, prices in agricultural markets, and expert advice on agricultural practices free of cost. By bringing a sample of their produce to e-Choupal, they can also find out the price that ITC will offer. If ITC offers a competitive price for their produce, they can choose to sell their produce to ITC instead of the government-controlled *mandi*s (large markets for agricultural produce). Over time, ITC has developed a loyal set of farmers who sell their produce to ITC and earn higher incomes through competitive prices, transparent procurement process, and lower logistic costs. They have increased yields, improved quality of produce, and reduced their transaction costs.

Over time, these farmers have converted into customers of ITC-produced consumer goods and agri-processed goods sold by large ITC shops adjoining the warehouses. The ITC further expanded its basket of services to include soil testing, tractor maintenance, and medical services. All these services are offered at a price that allows ITC to recover costs but does not include a profit margin. ITC then began to aggregate demand for other consumer goods and agricultural inputs and to supply such items at a competitive price and assured quality. It earned commissions from the suppliers of such goods and services. Currently, e-Choupal services reach more than 4 million farmers in about 40,000 villages.

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24   See e-Choupal website at http://www.echoupal.com.

Policy Lessons and Priorities

There are several policy messages that emerge from the review of empowerment and service delivery in this report.

First, public services provide essential inputs for human and societal functioning, economic activity and human capital formation, and cash and in-kind transfers to redress economic inequality. Delivery of public services is important for not only improving individual well-being, but also promoting inclusive economic growth.

Second, essential public services that protect the poor and vulnerable groups are the responsibility of governments. When markets do not exist or fail to work, public services will be under-provided by private providers who will have an incentive to free-ride on the provision of others. Under such circumstances, the efficient delivery of public services requires involvement of the state.

Third, in much of developing Asia, even though significant progress has been made in recent years in improving the delivery of public services, the growth in public service provision has lagged behind the pace of economic growth. In addition, the quality of services is generally poor in many countries, resulting in a flight of consumers, even those with low incomes, to the private sector.

Fourth, governments can improve the quantity and quality of public services by leveraging, or partnering with, the private and NGO sector in service delivery. However, in such cases, it is essential to match the contracted provider with the type of public service being contracted. It is also essential to design a compensation scheme to incentivize the non-state provider to provide high-quality services to the poor. Finally, government regulation of non-state providers is essential.

Fifth, empowerment of the people can play a powerful role in improving the delivery of public services by making governments and private service providers accountable. There is considerable evidence from developing Asia to suggest that citizen and community empowerment mechanisms, such as citizen report cards, community score cards, social audits, grievance redress systems, and community participation in service delivery increase the accountability of service providers to citizens, thereby improving service delivery outcomes.

Sixth, a common form of citizen and community empowerment is granting them the right to information and the right to specific services, but one of the biggest challenges in implementing the rights-based approach is the resource constraint that most countries in developing Asia face. A practical policy approach would be to make effective use of scarce public resources; enhance accountability in the delivery of elementary education, public health care, and other essential services; and expand the productivity of human beings to enable them to pay for some of their own welfare needs in the long run.

Seventh, empowerment of the people can improve the quality of public services, but only if there are complementary changes in the workings of the state, including the bureaucracy, the political process, the judiciary, and the frontline service providers. Even though some Asian countries have improved their governance structures, there needs to be a systemic reform within the bureaucracy to create a genuinely transparent and accountable mode of governance.

Eighth, in the last two decades, ICT has taken root as a strong resource that can empower citizens by facilitating their participation in local governance, enabling fast access to information, giving them voice to demand transparency and accountability of government administration, and generally improving the efficiency of public and private service delivery.

Ninth, e-delivery of services or useful content in most countries has lagged far behind the creation of infrastructure, while the demand for ICT-enabled services remains fragmented. Public–private–NGO partnerships are critical for promoting the spread of ICT. Social venture funds may be needed to attract private parties to develop ICT-enabled content for e-delivery of public services.

Finally, a major problem in analyzing the quality of public services in developing Asia and the Pacific is that very few countries have a system of routine data collection on the quality of services. The only data available are from ad hoc (and often unrepresentative) surveys of schools and health facilities as well as satisfaction surveys of users of public services (both businesses and individuals). Governments in the region need to begin collecting data on the provision and quality of public services on a regular and consistent basis. A good start would be an agreement on a common set of indicators of service provision and service quality in different sectors.

To sum up, empowering people creates a virtuous cycle for economic development. Better access to public services improves living standards. It bolsters human capital, thus empowering people further. As the clients of public services, empowered citizens can in turn increase pressure for better governance and regulatory reform. This creates an enabling environment for private sector provision of some public services, freeing up scarce public resources for other developmental priorities. Information and communication technology can facilitate, expedite, and enhance the quality of this process. Citizen empowerment thus holds the key for a win-win development agenda in developing Asia.

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Appendix

Selected ADB Projects for Improving Public Service Delivery – Illustrative Examples (2008–2013)

Project Name	Description and Results
Improved Maternal and Child Health through Connectivity • Tajikistan/Central Asia • Health/Transport • Approved: 7 Mar 2013	The primary objective of the project is to improve maternal and child health results for isolated rural communities Rasht district, one of Tajikistan's poorest regions with the highest rates of food insecurity. The project will support (i) rehabilitation of the bridge and improvement of the rural road, which is linked to Central Asia Regional Economic Cooperation (CAREC) corridors 3 and 5; and (ii) increased use of effective health services and nutrition practices in communities.
Establishing a Regulatory Framework for Urban Water Supply and Sanitation • Bangladesh/South Asia • Water and Infrastructure • Approved: 28 Jan 2013	The objective is to assist the government in developing rules and standards for regulating urban water utilities, and start performance monitoring of major water utilities. Expected outputs include (i) drafting rules and standards for regulating water utilities, including financial management regulations, tariff setting methodology, service standards and performance indicators, and customer service regulations; (ii) preparing monitoring reports on the performance of major water utilities by using the approved rules and standards; (iii) preparation and a road map for establishment of a Water Economic Regulatory Commission; and (iv) capacity building of the government officers to perform obligations.
Broadband for Development Project • Solomon Islands/The Pacific • Transport and Information and Communication Technology (ICT) • Approved: 25 Sep 2012	The project supports the development and operation of a submarine fiber optic communication cable system (SCS), linking Solomon Islands to an existing international submarine cable network that runs between Guam and Sydney. The SCS will provide onward cost-effective broadband access to the rest of the world, which will boost opportunities to set the country on an inclusive growth path through the expansion of business opportunities in the ICT sector and the introduction of broadband solutions to service delivery constraints in key social sectors like health and education.
Ulaanbaatar Urban Services and Ger Areas Development Investment Program • Mongolia/East Asia • Multisector • Approved: 13 Dec 2011	The investment program aims to promote an inclusive peri-urban development in Ulaanbaatar City's *ger* areas. The program covers (i) urban governance, livelihood and socioeconomic activities, land use planning, and financial services; (ii) water supply, wastewater collection, and district heating infrastructures; and (iii) capacity building for sound institutional and regulatory settings for service delivery. Achievements are focused on improved urban planning system and subcenter development, expanded basic urban services, more efficient service providers, and improved corporate governance.
Reducing Child Malnutrition through Social Protection • Nepal/South Asia • Health and Social Protection • Approved: 28 Feb 2011	The objective of the project is to create government capacity to plan and execute social protection programs and projects for more inclusive and equitable social outcomes. It is expected to reduce child malnutrition in project districts. Initial results show enhanced capacity of local bodies in the project districts to deliver the child grant; enhanced capacity of the government to design efficient and evidence-based social protection programs; enhanced networking between local bodies, health facilities, and communities in the project districts for improving child nutrition. A total of 1,169 female community health volunteers and 436 health facility staff were trained under the project.

Public–Private Partnership (PPP) Development in Mongolia • Mongolia/East Asia • Multisector • Approved: 17 August 2010	The project envisions improved efficiency and effectiveness of infrastructure service delivery. Success in the achievement of this impact is demonstrated by a material improvement in infrastructure efficiency and effectiveness indicators between 2010 and 2014. Project outputs include the establishment of a modern, transparent institutional framework for PPPs which supports private sector engagement.
Strengthening Technical Vocational Education and Training (TVET) Project • Lao PDR/Southeast Asia • Education • Approved: 9 Jul 2010	The project outcome is an accessible formal vocational training system that is more responsive to labor market needs. The project has demonstrated successes in (i) improving the quality of TVET, (ii) widening equitable access to TVET, and (iii) fostering private sector involvement in TVET strategy and delivery. The initial report of accomplishments includes the development of curricula for 17 jobs.
Janub Gas-Fired Power Plant Project • Azerbaijan/Central Asia • Energy • Approved: 22 Jun 2010	The project aims to strengthen infrastructure development, remove inefficiencies in power generation and improve the efficiency of services. Two of its major successes are (i) construction of 780 megawatt combined cycle power plant and auxiliary facilities, sufficient and reliable for household and industrial needs, and (ii) successful return of AzerEnergy to the international commercial bank debt market.
Strengthening the Philippine Government Electronic Procurement System (PhilGEPS) • Philippines/Southeast Asia • Public Sector Management (e-governance) • Approved: 6 Mar 2009	PhilGEPS has improved transparency and efficiency of government procurement across all government departments. It has been reported that the government has saved over P564 million in procurement-related advertising costs. Likewise, it is achieving better prices and substantial savings in administrative procurement costs and time. Suppliers find PhilGEPS to be a cost-effective and efficient way of doing business with government. It is also providing greater opportunity for small and medium-sized enterprise participation.
Water Supply and Environmental Improvement in Madhya Pradesh Project (Supplementary Loan) • India/South Asia • Water and Infrastructure Urban • Approved: 13 Oct 2008	Four municipal corporations have significantly reduced vulnerability of people to environmental degradation, poverty, and natural hazards, and increased economic opportunities. The project has recorded huge numbers of beneficiaries in three areas of public service delivery: (i) 5.30 million people for water supply, (ii) 0.50 million people for sewerage, and (iii) 4.70 million people for solid waste management.
Food Stamp Program • Mongolia/East Asia • Health and Social Protection • Approved: 17 Dec 2008	Mongolia experienced very high food prices in 2008. It was important to cushion the vulnerability of the poor to this shock and reduce the impact of food insecurity. About 1.7 million people were surveyed and classified from poorest to less vulnerable. The poorest 5% received food stamps, each amounting to MNT10,000 per month for adults and MNT5,000 per month for children.

Source: Asian Development Bank. Projects Database. Available at http://www.adb.org/projects
(accessed 10 April 2013).

Empowerment and Public Service Delivery in Developing Asia and the Pacific

Viewed as a key to strengthening accountability, citizen empowerment alone is not enough to guarantee quality public service. It must go hand in hand with better governance. This report highlights two factors that have improved governance and public service provision in developing Asia: (i) citizen participation and monitoring of service providers, and (ii) the use of information and communication technology (ICT) to streamline bureaucratic processes, widen access to information, and embolden people's voice. Participation and ICT hold great promises for the future, and yet require increasing public sector role as a facilitator—not so much as a provider—in public service delivery chain.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than $2 a day, with 828 million struggling on less than $1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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