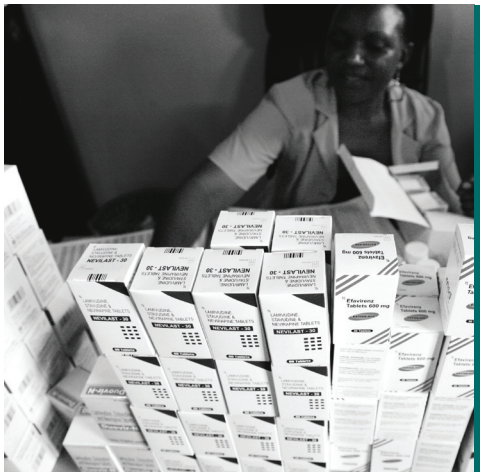
Briefing 83



Working with the politics

How to improve public services for the poor

Leni Wild and Marta Foresti

Policy recommendations

- The post-2015 dialogue is an opportunity to develop a practical agenda that will ensure that the principle of 'leaving no one behind' translates into concrete changes for the delivery of essential services to the poor.
- Such an agenda must recognise that both institutional capacity and politics matter for the more equitable delivery of these services.
- There is no blueprint for this, but evidence from ODI and others points to the need to adopt more grounded, flexible and innovative service-delivery frameworks, which will also require changes to donors' own models.

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Improving public service access and quality for the poorest and most marginalised people remains an urgent priority. This issue is at the heart of the debate on the post-2015 agenda – and for good reasons. There is a growing recognition that a combination of poor-quality provision and unequal coverage of basic services is hampering poverty-reduction efforts and reinforcing inequality.

What is striking is that service-delivery outcomes have remained disappointing or uneven in countries with relatively high economic growth rates, increased financial flows and improved technical and administrative capacity. India, for example, has emerged as one of the world's most rapidly growing economies, making the transition from low-income to middle-income status.There has also been a significant expansion of access to primary education. Yet in 2010, more than 40% of all children in Grade 5 in India were lagging behind by at least three grade levels (ASER, 2012). Several countries – including Cameroon and Ghana – have seen the inequality gaps in child mortality widen, even as the overall child death rate has fallen.

Disadvantages associated with wealth, location, ethnicity, caste and other factors are a recurrent theme in service-delivery profiles. While basic service provision may be increasing overall, the poorest or most marginalised families often end up paying for sub-standard services, or simply go without.

There are many reasons for these gaps. Weaknesses in financing, capacity and basic infrastructure all play a part, as do legacies of conflict or fragility in some countries. Nonetheless, there is an emerging consensus that the lack of institutional and political capacity to deliver policy reform is an important part of the problem and that, by extension, improvements in this area hold at least part of the answer.

This consensus has a long lineage. Recent interest in the role of institutions can be traced back to Douglas North et al. (2009), who highlighted the extent to which the shift from personalised to non-personalised institutions represents a key 'tipping point' in the ability of institutions to deliver development outcomes in a more equitable fashion. The work of Acemoglu and Robinson (2013) has triggered further interest in institutions with its central message that failure to get the institutions 'right' carries a high price for national economic development. From a different perspective, other commentators have argued that, while institutions matter, the pursuit of the 'right' institutions may be ill-judged. What is needed, they say, are institutions that enable better development results to be achieved within the context of the prevailing political settlement or elite bargain in each country (Booth, 2013).

Beyond recognising that institutions matter for development, how should governments that are striving to achieve more equitable and efficient service delivery approach the challenge of institutional reform? This is the key 'so what?' question that pervades much of the current dialogue and there is no definitive or simple answer. However, a close look at the evidence suggests that some consensus is emerging across disciplines and sectors. Properly distilled, this evidence may pave the way for significant changes in policy and practice.

Two themes stand out. First, recent research has moved beyond the recognition that 'context matters' to specify just *how* it matters and *what* limits the capacity of institutions to implement policies and deliver results. Second, efforts to build evidence-based policy analysis is moving beyond describing and explaining institutional failure, to identify what solutions and models work best in addressing the underlying causes of failure. This has significant implications for international support, and for the role of donor agencies.

From why institutions matter to how they matter

Contextual factors shape service-delivery results. They do so through deeply rooted political structures, power relations and systemic legacies that combine to shape the motivations and behaviours of different actors. These factors reflect processes of bargaining and contestation that can be central in determining not only what development outcomes occur, but also why they occur and what might be done to improve them.

Recent country analysis reveals how a set of specific governance dynamics can affect service-delivery processes and outcomes in different sectors. ODI's work in health is instructive here. Research in Nepal has explored the challenges to the deployment of health workers in remote areas. In this case, part of the problem could be traced to processes of political patronage that allowed doctors and nurses to abandon their posts and remain in more privileged areas, such as the Kathmandu valley (Harris et al., 2013a). In Malawi, researchers examining chronic shortages of essential medicines found institutional weaknesses that were linked to poor performance monitoring, and the ad hoc nature of attempts to decentralise. This created institutional vacuums and processes that were open to mismanagement and manipulation, particularly for medicine distribution (Wild and Cammack, 2012).

These two country examples highlight recurring themes. Such constraints can be found in other countries with similar contextual features and across different sectors – the deployment of teachers in Nepal, for example, can face the same constraints and incentives as the deployment of health workers (Box 1). Another common 'constraint' has

been collective-action problems that have an impact on both the demand and supply sides of service delivery, and that are found at every level (including national, sector and local levels) (Booth, 2012).

Recent research on the effectiveness of community participation and social accountability for service delivery also points to a number of ways in which the institutional context can affect outcomes. The presence or absence of a strong responsive state and whether or not there are linkages between formal and informal institutions have an impact, as do power relationships between different actors, the ways in which communities organise, how they perceive their relationships with politicians and others, and the wider legal and media environments (Mansuri and Rao, 2012; Joshi, 2010).

The power relationships around accountability, for example, can have a significant bearing on outcomes. In education, service delivery should be frequent and predictable, and it is inherently territorial (i.e. linked to a fixed place), which makes education particularly visible and has the potential to allow users 'to unite around collective experiences' more effectively (Harris et al., 2013b). In contrast, curative health is much more episodic and users interact with the service when they are particularly vulnerable (i.e. when they are critically ill) which can make collective voice and demand more challenging.

Therefore, while some of the technical features of sectors shape power relations and the ability of users to act collectively, this will also be heavily influenced by socio-economic and cultural characteristics. In India, those in lower-caste groups face greater barriers in voicing demands and accessing quality services, and in Kenya, different regional and ethnic groups have sought to access, successively, state resources and re-orientate service delivery to favour some groups over others. Around the world, horizontal inequalities seem to shape the ability to mobilise collectively and influence those with power, to voice preferences and, ultimately, to access services. Disaggregating inequalities in this way has helped to highlight both the need for new and improved indicators on equity and outcomes, and for approaches to treat different types of inequities and resulting power imbalances.

From an institutional economics perspective, the work of Matt Andrews has also added a crucial dimension to the debate on institutions. He has highlighted the extent to which support for reforms from external actors has (unintentionally) encouraged domestic actors to 'mimic' certain behaviours, such as those related to parliamentary oversight or improved public financial management (PFM) processes, without changing the underlying logics of how those systems operate. He has pointed to Uganda as a classic example of a country that has developed some of the world's best laws with international backing (i.e. for PFM, or for anti-corruption) yet has among the largest gaps between laws and practice (Andrews, 2013: 110).

Box 1: Common governance constraints for service delivery

A number of governance factors seem to have the greatest impact on service-delivery processes and outcomes; they are non-normative and concern the motivations of actors and relationships between them.

- **Credibility of political commitments:** whether promises by governments to provide broad-based public goods are seen as credible by voters. Where they are not, policy platforms become less relevant and service-delivery-based political competition operates on the basis of clientelist dynamics instead (Keefer and Khemani, 2005).
- **Presence/absence and severity of rent-seeking:** whether actors seek to capture income above the market value for particular goods or services by securing privileged access to scarce resources (e.g. through politically created monopolies), which shapes perceptions of political 'returns' from investing in different areas.
- **Strength of oversight systems and coherence of policies and processes for implementation:** levels of policy coherence will determine how clearly roles and responsibilities are defined for service delivery. This, in turn, has implications both for expectations and delivery processes, and the strength of oversight will reflect whether performance is monitored and sanctioned effectively.
- **Capacity for local problem-solving and collective action:** where capacity for collective action is low, either as a result of limited space for problem-solving or because of a lack of sanction/enforcement mechanisms, free riding may undermine service provision.
- **Presence/absence and severity of moral hazard:** this can reflect a situation where states do not make the effort necessary to deliver services (or other developmental goods) because of the perception that other organisations (such as aid agencies) will do so for them.

Source: Harris and Wild (2013); Wild et al. (2012).

What to do differently

While much analysis has critiqued what has not worked or where these factors have not been properly taken into account, this field of research is, increasingly, going further. Important insights are being generated on not just what doesn't work and why, but rather what kinds

of solutions and models work best in addressing these contextual factors. This has some significant implications for international support and the role of donor agencies. Four themes stand out.

First, there is a common recognition of the need to start with comprehensive *diagnosis of the underlying problem* as part of any reform solution. Andrews, for instance, advocates that any programme design begin with a thorough analysis of the problem to be addressed. Similarly, recent political-economy frameworks have focused on so-called problem-driven approaches (Harris, 2013). The latter approach requires diagnosing the underlying drivers that explain how things work in practice and why chronic problems persist. It also involves going deeper into structural and systemic issues by looking at the motivations and incentives of different stakeholders – in the case of Uganda, for example, recognising that the 'problem' lies not in the lack of formal laws or processes for PFM but rather in the underlying political logics that pervade the public sector and allow for poor performance with impunity. Such approaches help to ensure that the analysis focuses on tractable issues where solutions can be found.

Second, there is recognition that while institutional problems are inherently complex, they can be tractable. As there is no 'one solution' to complex and interlocked reforms, a problem-based approach aims to build in flexible pathways to explore problem-solving, allowing for iteration and for dynamic and strategic changes to planning (Harris, 2013). In practice this means that *process-driven solutions* are preferable, where the emphasis is placed on incremental reform efforts, continuously monitored and checked to ensure they address underlying problems rather than surface-level issues. Such 'problem-driven iterative adaptation', therefore, requires a process of continually testing and 'muddling through' to find solutions through a series of small, incremental steps (Andrews, 2013: 174).

Third, there is a growing recognition of the need to work with what exists, which often entails building on '*practical hybrids*', that is, blends of pre-existing institutions and norms in order to achieve change (Booth, 2012). In Rwanda, progress in health outcomes has been linked to key institutional factors including the oversight and accountability for delivery. Here, effective policy reforms have built on pre-existing norms and ideas, including the '*Imihigo*' basis of performance contracts in the public sector, which draw on historical notions of the warrior and provide a basis for building accountability for performance (Chambers and Booth, 2012). Similarly in Malawi, a community scorecards programme for public services had most impact where it brokered cooperation and collaboration among a range of interest groups, including service users and providers but also traditional chiefs, church leaders and other groups with local influence (Wild and Harris, 2012). This is akin to notions of 'going with the grain' or working with existing realities (Future State, 2009; Booth, 2012).

Finally, *reforms must be driven by domestic actors*, and external agencies can only ever play a minor role. Experience in countries as diverse as China, Indonesia and Rwanda shows that it is governments themselves that have been in charge of reforms, developing problem-solving approaches to core gaps, and building on pre-existing institutions and norms as part of reforms (Andrews, 2013). In these contexts, external actors can be facilitators or brokers, rather than drivers, of reform. ODI research suggests that, in some cases, reform processes may be best facilitated by intermediaries or forms of 'arm's length assistance'. This form of assistance may be provided by a range of organisations, including private non-profit companies, self-governing implementing agencies, non-governmental organisations or others, and funded by aid donors or foundations. Their primary function is not to provide financial support but rather to focus on facilitating change or enabling other development stakeholders (including national governments) to address institutional constraints (Booth, 2013).

From 'so what?' to 'why not?'

Taking a step back, there is growing consistency in what the response to the 'so what?' question should look like. That is, it should be problem driven, often requiring process-led solutions, led by domestic actors and building on hybrid and existing institutions, with roles for external agencies mainly as facilitators and brokers. There are examples where external actors have been able to work in this way – analysis from Sierra Leone, Tanzania and Uganda highlights areas where donors have been able to address governance constraints to service delivery (Box 2).

If we now have evidence on not only which contextual factors matter, but also on what to do differently in the face of these, perhaps the question needs to move from one of 'so what?', to 'why not?'. Or to ask why is it that donor agencies and external support still appear to struggle to internalise the types of changes set out above?

There are a number of potential obstacles to change. First, rather than relying on well-established and seemingly 'tried and tested' ways of working, there is a need to venture into the unknown and accept more open-ended, flexible, adaptive and ultimately messy processes. This is challenging for conventional aid agencies – particularly bilateral aid agencies – which face pressures to spend and disburse, to demonstrate value for money and to monitor results closely. This is often translated into a 'projectised' approach, which closely specifies design, implementation and evaluation activities from the start. Recognising many of the dynamics set out above, however, requires a process of on-going

Box 2: Unblocking results

ODI analysis provides some useful insights into how aid has been used to address governance constraints to service delivery effectively. Examining a rural water programme in Tanzania, a pay and attendance monitoring programme and a programme supporting the Strategy and Policy Unit in Sierra Leone, as well as a local government programme in Uganda, ODI analysis identifies six key ways in which aid has been able to gain traction and nudge institutional change:

- identifying and seizing windows of opportunity
- focusing on reforms with tangible political pay-offs (linking governance reforms to their immediate impact on a particular service-delivery objective)
- building on what exists to implement legal mandates, rather than seeking 'perfect' rules and frameworks
- moving beyond reliance on policy dialogue, and focusing on making existing systems deliver
- facilitating problem solving and collective-action solutions, in part by bearing transaction costs
- adaptation by learning, including incremental and iterative approaches.

Source: Tavakoli et al. (2013).

testing of assumptions and of choices on interventions themselves – and may involve stopping investments or doing things differently mid-way in response to what is revealed by this continuous testing. Practically, this can be hard for agencies to do when they have already invested significantly in a particular pathway for change.

Despite these limitations at the corporate level, at a more programmatic level, and often 'under the radar', individuals and groups are finding the space and the willingness to adopt more flexible and process-oriented ways of working, as some of the examples above show. In practice, this requires challenging some existing incentives to work in siloes or to deliver 'quick wins'. It can require recognition that official aid agencies may not always be well placed to influence reform processes directly, especially when they play major financing roles. Instead, a range of 'implementers' or forms of arm's-length assistance may be much more significant (Booth, 2013).

Interestingly, some analysis suggests that the perceived constraints of UK public opinion may also not be as binding as first thought. Analysis from the across the UK found that UK citizens were starting to reject simplistic aid messages (i.e. 'spending money saves lives') and instead recognised instinctively that change in developing countries was likely to be much more messy and complicated (Glennie et al., 2012). Clearly, taxpayers in the UK and elsewhere are unlikely to support the idea of unstructured and open-ended funding, but these findings suggest there may be scope to communicate more effectively about some of the complexities and trade-offs of development assistance, and greater openness to approaches that recognise and respond to failures through learning approaches, rather than presenting a 'perfect' aid model (Glennie et al., 2012).

Achieving such change may, ultimately, require turning the lens back on to aid agencies themselves – examining how aid is allocated, how decisions are taken, and how development is communicated. Some proposals are on the table, from an arm's-length approach to a more 'agile' development model (Barder, 2013).

Much of the attention to date has focused on understanding how institutional reform happens *within* a range of developing countries. This understanding continues to be needed but, as a critical mass of evidence is achieved, we also need critical reflection on *what it will take for international assistance to change*. For these changes to happen, donors will need to examine those organisational and bureaucratic incentives that inhibit or support their own reform processes. This remains the next frontier for those working on institutional reform issues; and it will be vital if evidence on the 'so what?' is to translate into a 'why not?' for development programming.

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