



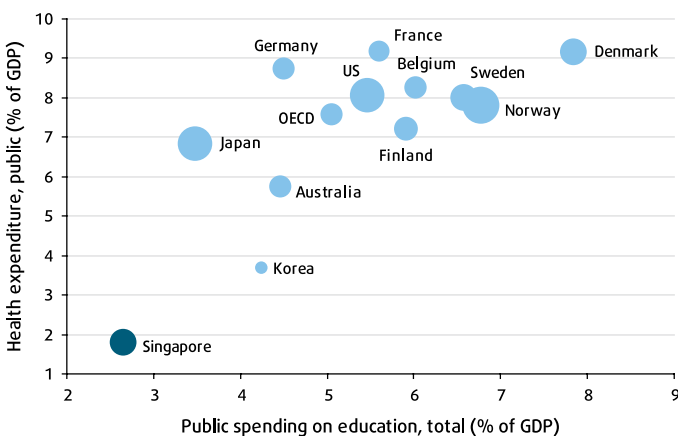
Social service delivery: Singapore

Abstract

Delivering value to citizens in times of tight budgets and global turbulences is not easy. Yet Singapore seems to be tackling the challenge quite well. The country delivers high-quality public services at a low cost. Government involvement in education and health care produced world-leading systems at public spending well below other high-income economies. Spending on education is less than 3 percent of GDP and health care spending is below 2 percent of GDP. The centralized education system produces top outcomes: Singapore scores in the top three in the TIMSS assessment measuring student performance in mathematics and science, and in 2009 the country was ranked 6th in the OECD PISA test to assess reading, math, and science (OECD 2009). The government creates strong incentives for performing well in national tests, and plays a direct role in hiring world class teachers. Singapore also has one of the most inclusive and efficient health care systems in the world. The system ensures universal coverage in a cost-effective way through compulsory savings and price caps, with mostly private sector provision. Life-expectancy is 81.4 years, and the child mortality is one of the lowest among the OECD countries, at just 2.2 deaths per 1,000 live births. Singapore's efficient and effective system shows that it is possible to have high-quality social services without straining the treasury.

Singapore delivers high-quality public services at a low cost. Life-expectancy stands at 81.4 years. The child mortality of 2.2 deaths per 1,000 live births is one of the lowest among the OECD countries. Singapore scores in the top three in the TIMSS assessment measuring student performance in mathematics and science, and is ranked 6th in the OECD PISA test that assesses reading, math and science. All these results come with one of the lowest levels of public spending among OECD countries: 2.6 percent of GDP for education and 1.4 percent for health care (figure 74).¹ In 2009, Singapore also topped the Waseda University Institute of e-Government ranking for e-governance. This note investigates how Singapore has managed to obtain so much marginal bang for its marginal buck of public expenditure.

Figure 74: Public expenditure on health and education (as percentage of GDP, 2007) relative to GDP per capita²



Source: World Bank.

Delivering high-quality education

Singapore's system is one of the most centralized in the world. The performance of schools is monitored at the national level every five years. It rewards schools that perform well with exemptions from certain exams, whereas those lagging behind are subject to greater control. Teachers provide additional assistance after class to those who need it.³ In some schools, there are special programs that set higher requirements for gifted students. Pupils under such programs are given different assignments than their colleagues, and they can choose additional classes e.g. creative writing. A government agency, the Infocomm Development Authority of Singapore (IDA), launches several competitions in the fields of IT, digital media, and programming. Singapore is also researching ways to innovate the education system in its classroom laboratories at the National Institute for Education.

A key part of Singapore's success stems partly from the excellence of the teaching staff. The Ministry of Education is directly involved in recruitment decisions and chooses candidates from the top 30 percent of graduates through a complicated and rigorous process.⁴ The prestige of the profession is high. Teachers have 100 hours of paid training per year, and can benefit from a teachers' network, and communities of practice.

Promoting responsible health care

Singapore has one of the most efficient health care systems in the world. It ensures universal coverage in a cost-effective way through compulsory savings and price caps on private sector provision. The health care system has three elements: Medisave, Medishield, and Medifund. Medisave is a personal account, introduced in April 1984, and is a part of a compulsory savings scheme.⁵ These accounts are used by patients to pay for their immediate medical expenses, but there is a limit on spending to avoid excessive and unnecessary expenditure. Around 50 percent of costs at public clinics are subsidized by the state, whereas the use of private clinics or additional features, e.g., upgraded accommodation, requires copayments from patients. The private sector accounts for approximately 75 percent of health care, leaving the 25 percent for the government.

Medishield is a voluntary, private insurance that can be financed from Medisave. This insurance covers costs of expensive treatments of catastrophic illnesses.⁶ There is an upgraded version—Medishield Plus—that covers higher ward classes and allows for larger withdrawals. The last part of the system, Medifund, was set up to provide health care financing to the poorest part of the society.⁷ There is also a special insurance, ElderShield that was set up to protect the disabled.⁸

Low public expenditures benefit from high savings rates, good quality of education, and a relatively young population. Many costly and experimental procedures are not covered by the insurance, placing the burden entirely on the patients.

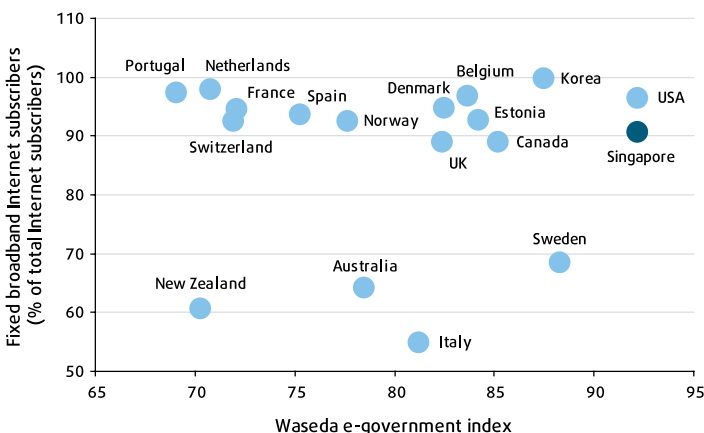
Citizens become customers

Singapore's government is increasingly focusing on adapting customer services to the demands of the technology era. In the early 1990s, the government created the Inland Revenue Authority of Singapore (IRAS) that is responsible for handling taxes. IRAS was transforming taxpayer services from papers to phones and later the Internet. Citizens were encouraged to file their tax statements online by, among others, granting special prizes. In 2002 1.8 million citizens filled their



income-tax returns paperless, amounting to US\$2 million savings for the government.⁹ Thanks to those efforts Singapore managed to tap the technological potential of its citizens (figure 75).

Figure 75: The Waseda University Institute of e-Government 2011 ranking for e-governance versus fixed broadband Internet subscribers in 2008¹⁰



Source: World Bank; Waseda Institute e-Government ranking 2011.

There are also other public initiatives. In May 2006 the government introduced iGov2010, which aims at raising the quality of service, improving efficiency, and benefiting from synergies throughout government agencies. It is estimated that in 2010 citizens had access to approximately 150 mobile government services. Entrepreneurs can use the Enterprise One website, which includes all information gathered from 30 government agencies concerning setting up, licensing and running a business. Findings of Luo et al. (2010) indicate that Singapore was also the best among sample countries in port efficiency.¹¹

With the GDP per capita of more than US\$43,000, a current account surplus, and gross national savings rate above 45 percent, Singapore certainly has a more favorable economic situation than many other OECD countries.¹² Therefore, its social service delivery model cannot be fully replicated. Yet the government's ability to respond to the challenges of the future and flexibility in doing so deserves to be noticed. Singapore constantly upgrades service delivery, experiments with innovative solutions, and encourages its citizens to follow recent technological trends. Most important, in its efforts to improve health care and education, the government managed to make their customers responsible and accountable partners.

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Notes

- 1 Singapore Ministry of Health estimates from 2009 and World Bank estimates from 2010.
- 2 Reference year for health is 2009 and for education 2007. The size of the bubble denotes GDP per capita in USD in 2009 (constant prices, 2000).
- 3 There are special teaching groups for those getting the lowest results.
- 4 After CV screening, applicants have to pass assessment tests and, if successful, they are invited to interviews. Those who pass the interview process start an initial teacher training that assesses aptitude and personality. Candidates that do not match the key competences are removed from the training. On average, only 2 out of 10 applicants are employed as teachers. The higher the responsibility within the system, the tougher the recruitment process is. Principals are rewarded with a relatively high salary, but they are selected through a very demanding framework. The final stage lasts six months, when candidates perform different tasks, and only those representing the best combination of skills are hired afterwards.
- 5 Every employee contributes between 6.5 and 9 percent of a monthly wage to Medisave. The National Savings Scheme covers hospitalization, pensions, and mortgages.
- 6 In case of catastrophic illnesses, co-payments from the patients are required.
- 7 The eligibility is tested against incomes.
- 8 ElderShield disburses monthly cash allowances.
- 9 Paperless filing costs \$2 less per statement than the paper process.
- 10 For the Netherlands, Sweden, and the United States, data come from 2007.
- 11 The study includes 75 sample countries from Europe and Central Asia.
- 12 Constant prices, IMF WEO 2010.