

Comments by Jean-Paul Azam

on:

“Provision of Public Services by
Non-State Actors”

Tim Besley and Maitreesh Ghatak

“Three Problems in Service Provision”:

- Ignorance => Evaluation, randomized experiments,...
- Resources => Who cares, really?
Democracy gives the decision to the median voter to make => How about the more “principled”, more altruistic, or more devoted?
- Delivery: Incentives, corruption, etc.

NGOs Can Substitute for Deficient State Action

- More “principled agents” (unpaid advert for Tim’s book)
- Potential competition between NGOs may increase quality of service
- Problem: There is a free-rider problem: the median voter (i.e. Government) can free ride on more altruistic agents (see Azam, *Economics and Politics*, 2003)

NGOs Can Complement and Stimulate the State

- Advocacy and lobbying: e.g: USA, many NGOs do not deliver services, but breathe on the government's neck
- Political pressure: e.g. Farmers' associations in irrigated schemes in Pakistan march for fighting corruption and make water delivery more equitable (see my paper at <http://idei.fr>)

What NGOs Actually Do?

Deliver services *and something else*

(1)

- Business

- Grameen Bank => Grameen Shakti, Grameen Telecom, Grameen Textiles,...
- BRAC => Massive headquarters in Dhaka, housing finance, education finance, health end nutrition,
- This is good for funding more service delivery, for smoothing out donors' volatility (see P.-E. Ly)

What NGOs Actually Do?

Deliver services and something else

(2)

- Political activism: “Principled agents” are often “true believers”
 - Religious or other ideological propaganda
 - Terrorist activities: e.g. Hamas, Hezbollah, Tamil Tigers, etc.
 - See P.-E. Ly: integrated NGOs internalize the negative fallout, and provide more services and less terrorist attacks