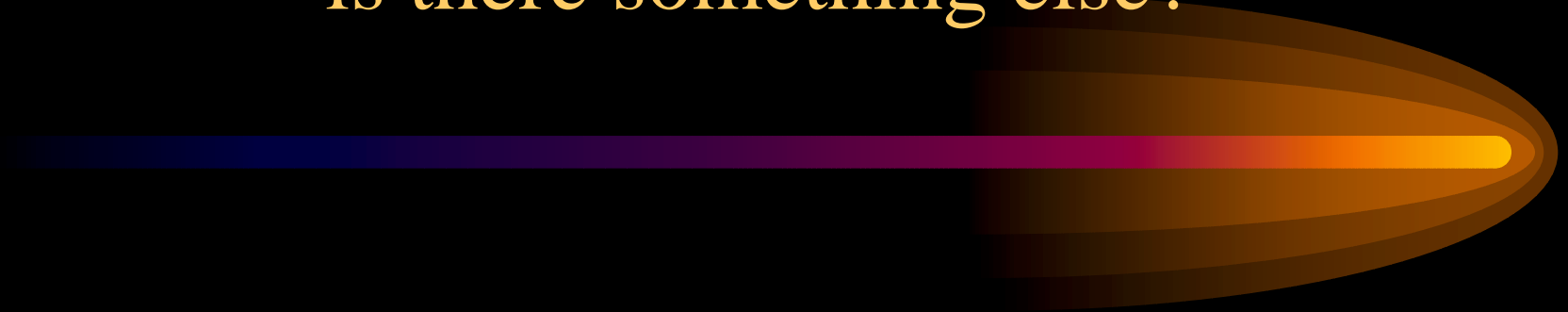


Making Services Work for Poor People:
What matters is money and technology, or
is there something else?



Shekhar Shah

World Development Report 2004

Institutional Barriers to Poverty Reduction
4th Poverty Analysis Clinic

The World Bank, Washington, DC

June 19, 2003

Why
don't
services
work for
poor
people?

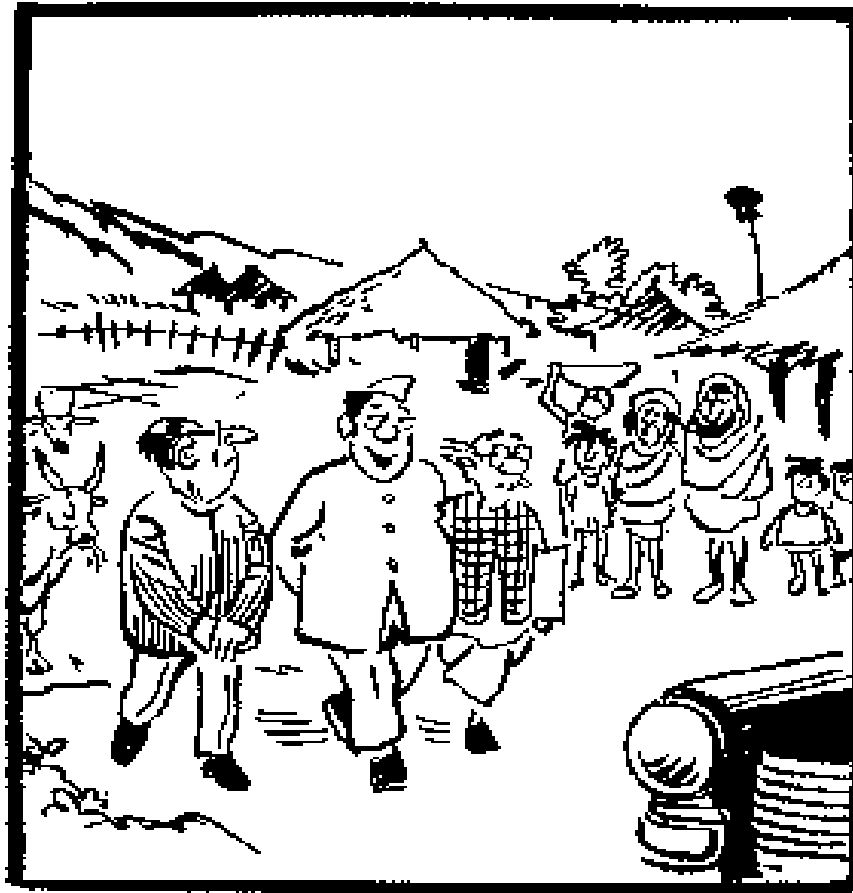


Ah, there he is again! How time flies! It's time for the general election already!

Any
'institutional'
problems
here?

Ah, there he is again! How time flies! It's time for the general elections already!

Why
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people?



I can't understand these people. Not a soul here knows how to read or write and yet they want a school.

...or here?

I can't understand these people. Not a soul here knows how to read or write and yet they want a school.

Why
don't
services
work for
poor
people?



Of course we have progressed a great deal, first they were coming by bullock-cart, then by jeep and now this!

...or here?

Of course we have progressed a great deal, first they were coming by bullock-cart, then by jeep and now this!

What is the problem?

- *Bangladesh*: absenteeism rates for doctors in primary health care centers is 74%
- *Zimbabwe*: 13% respondents gave “nurses hit mothers during delivery” as a reason for not delivering babies in public facilities
- *Guinea*: 70% of government drugs disappeared
- *Costa Rica*: absenteeism rate in public health facilities is 30%
- *Transition economies*: rampant side payments for health services

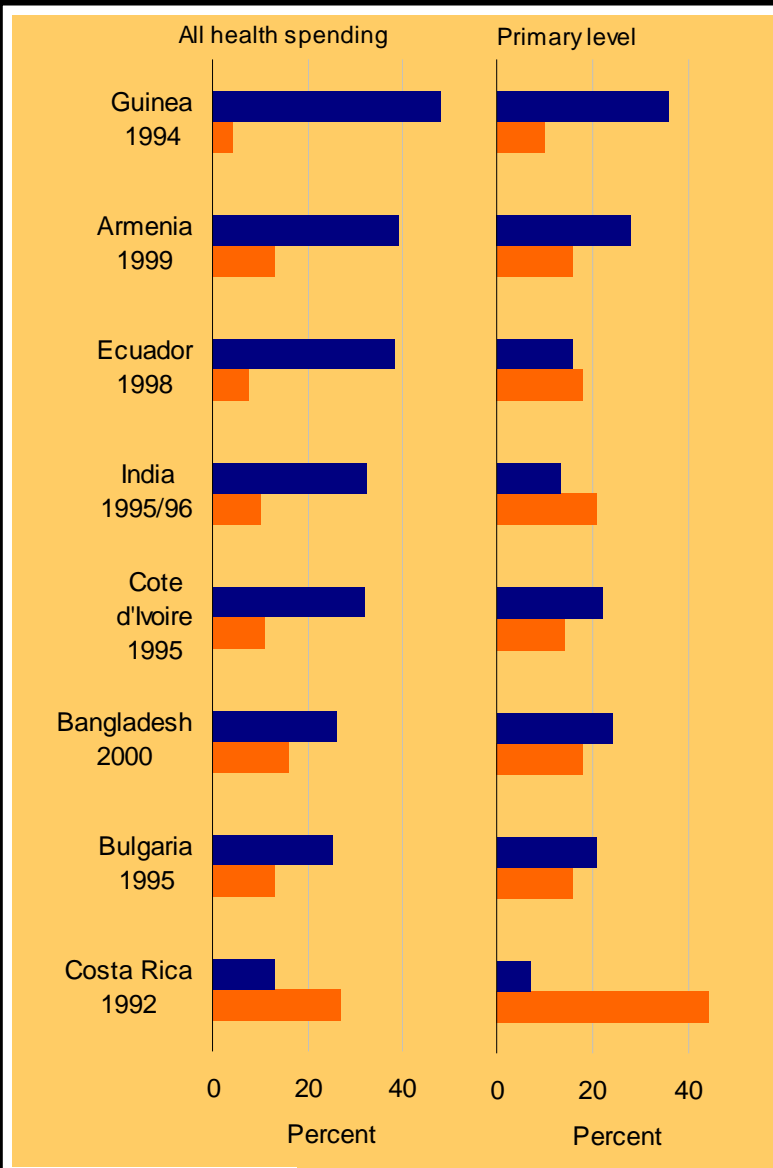
Institutional problems and analysis: a hint

- Going from 12% teacher absenteeism in primary schools to 7% is a matter of money and technical solutions: it's a managerial problem
- Going from 70% teacher absenteeism in primary schools to 7% is not a matter of money and technical solutions, it is something else
- The WDR 2004 is in many ways about that something else

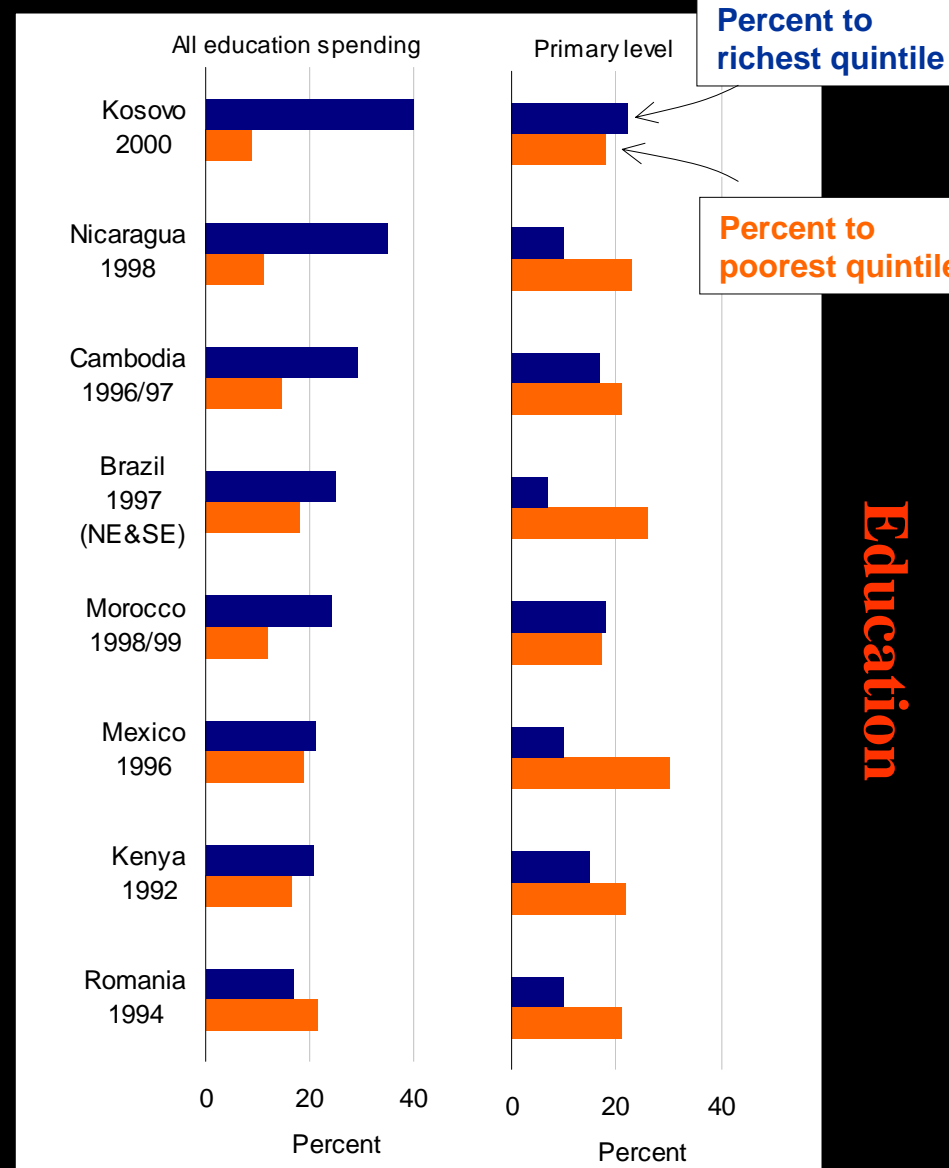
Services failing in quantity,...

Incidence of public expenditures

Health

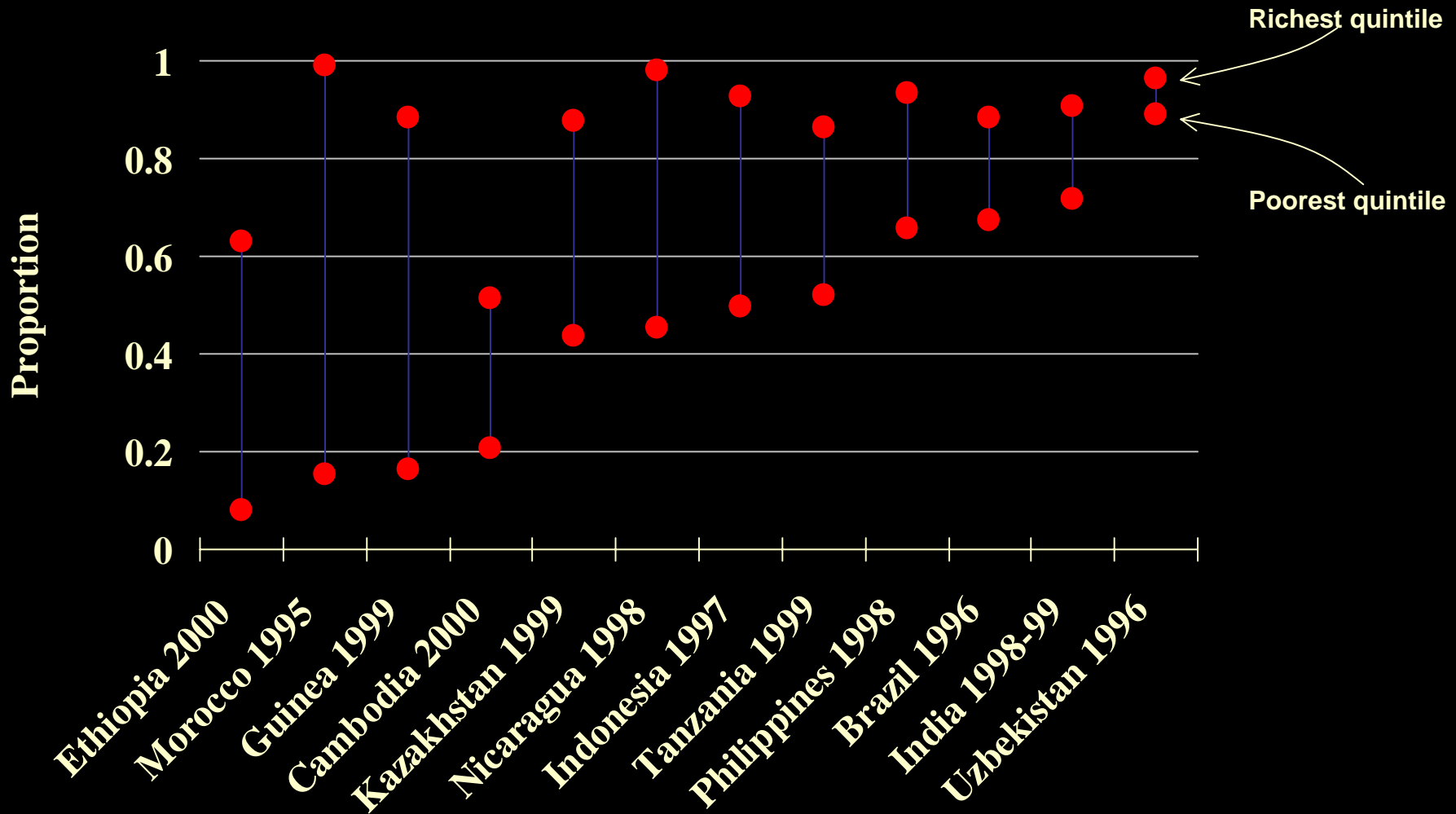


Education



... in quality, ...

Access to an improved source of drinking water



...and in access

Closest rural primary school & medical facility

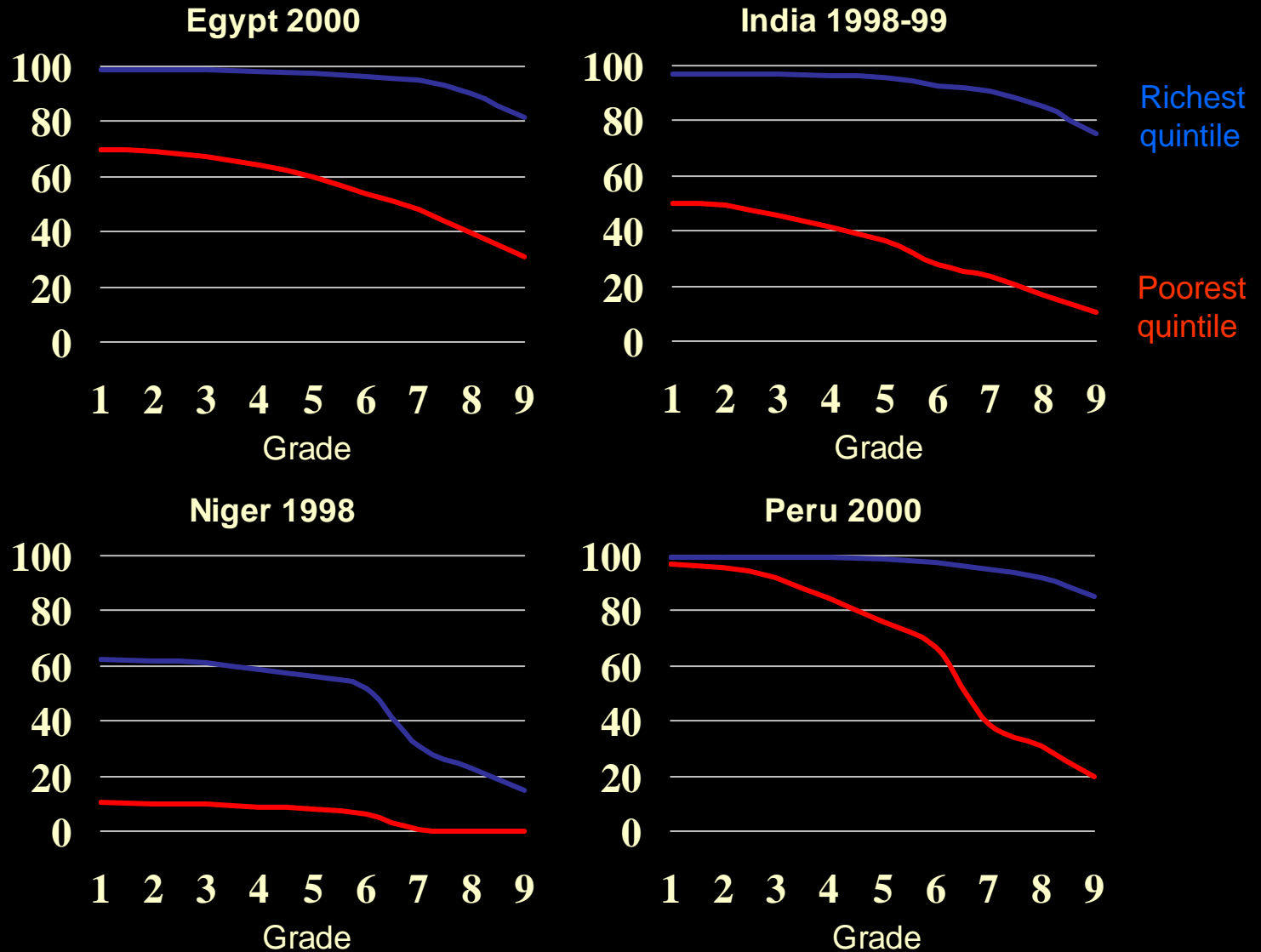
	GNI per capita	Nearest primary school (km)			Nearest medical facility (km)		
		Poorest quintile	Richest quintile	Poor/Rich ratio	Poorest quintile	Richest quintile	Poor/Rich ratio
Chad 1998	250	9.9	1.3	8	22.9	4.8	5
Nigeria 1999	266	1.8	0.3	5	11.6	1.6	7
India 1998-99	462	0.5	0.2	2	2.1	0.6	4
Uganda 1995	462	0.5	0.2	2	2.1	0.6	4
C.A.R. 1994-95	819	6.7	0.8	9	14.7	7.7	2
Philippines 1993	1,030	0.7	0.1	7	0.8	0.1	10
Dominican Rep. 1991	1,261	0.6	0.4	1	6.4	1.3	5
Morocco 1992	1,388	3.7	0.3	13	13.4	4.7	3
Bangladesh 1996-97	374	0.2	0.1	2	0.9	0.7	1

Source: Analysis of Demographic & Health Survey data. Gross Nat Income per capita in 2001 US\$.

Medical facility encompasses health centers, dispensaries, hospitals, and pharmacies.

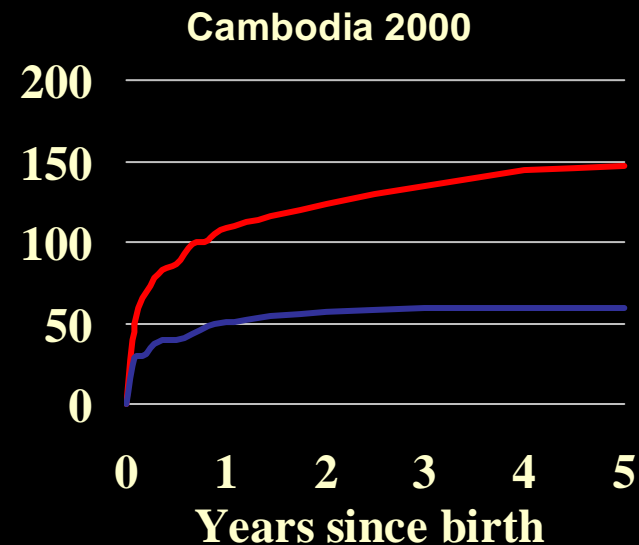
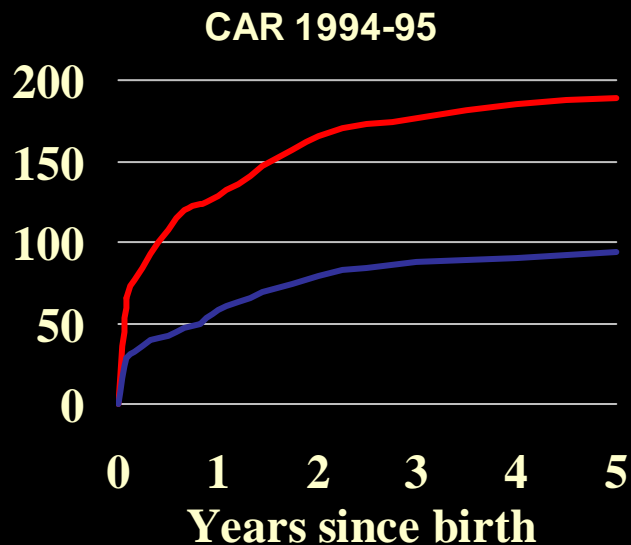
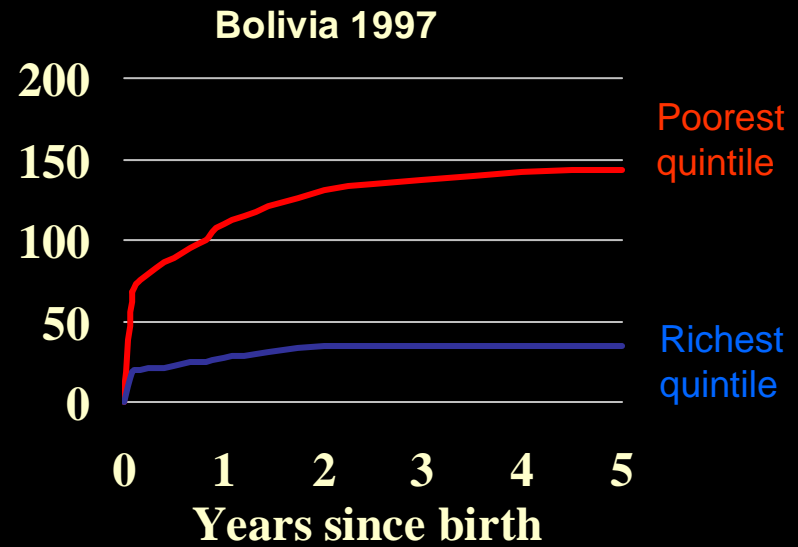
Education outcomes are worse for poor people

Percent aged 15 to 19 completing each grade or higher



Health outcomes are worse for poor people

Cumulative under-5 deaths per 1000 births




But governments and citizens can make services work...



- Infant mortality & malnutrition reduced in Ceará
- City-wide services improved in Johannesburg
- Enrolments rose, illness fell in Mexico
- Municipal agencies more willing to listen in Bangalore
- Grant funds getting to primary schools increased in Uganda

What contributes to an effective classroom or health clinic?



- For an individual service transaction to be successful, we need a frontline provider who:
 - Is capable
 - Has access to adequate resources & inputs
 - Is motivated to pursue achievable goals
- These are the *proximate determinants* of success

So, spend more money and train more teachers?

- But governments do spend large amounts on teachers:
 - Of 18 sub-Saharan African countries, 16 spent more than the recommended 66% of recurrent ed. spending for teacher salaries
 - True for both low & high spenders (Tanzania < 2% of GDP, Kenya > 6%)
 - In Nigeria, salaries account for 90% of local govt. spending on primary education
- Crowds out other inputs, but that's obvious!
- So problem perhaps is not these *proximate determinants*, but with context that generates these decisions in the first place

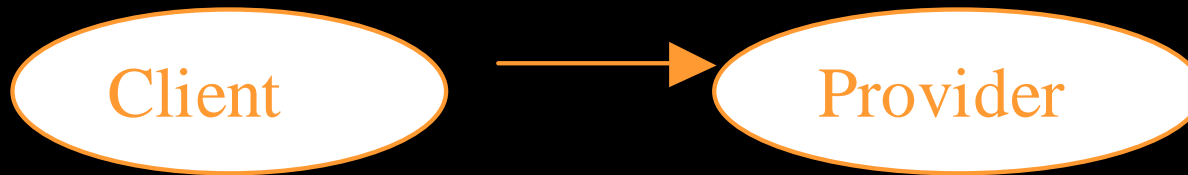
A general question for the classroom and the country

- *The question:* What conditions support the emergence of capable, motivated, frontline providers with clear objectives & adequate resources?
- *The answer:* Successful services for poor people emerge from *institutional relationships* in which key players in service delivery are *accountable* to each other.

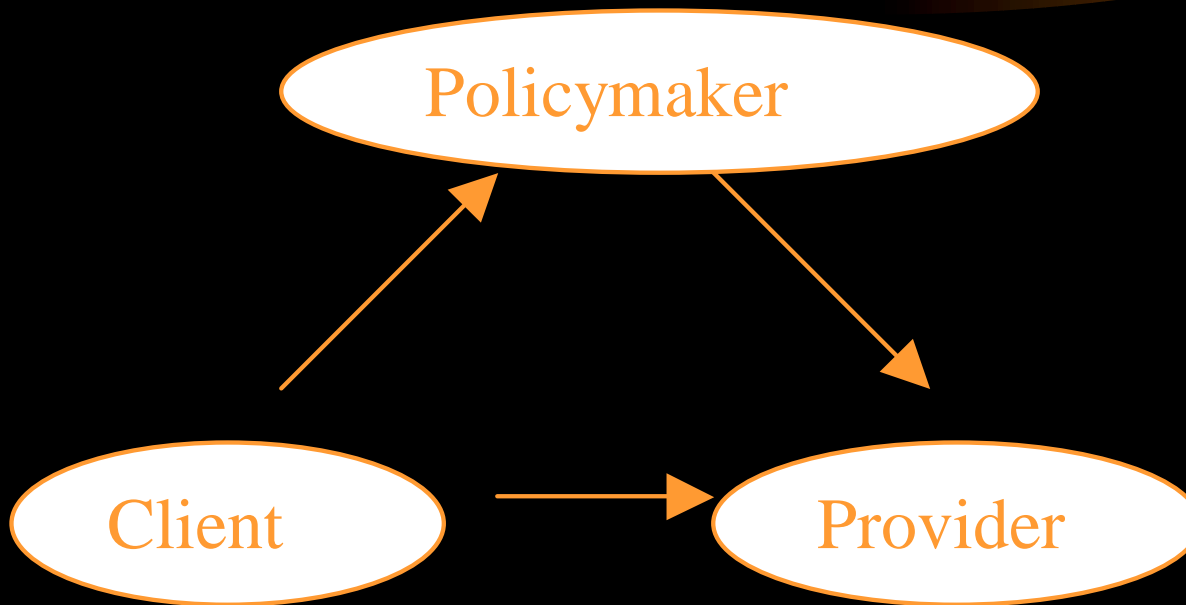
Distinguishing between managerial & institutional reforms

- In well-functioning system, services can be improved with better teaching materials, more reliably available drugs, & better trained teachers and health workers
- But in weak accountability situations, addressing just the proximate determinants of success will not work
- Reducing teacher absenteeism from 10% to 7% is a *managerial reform*, but from 50 or 60 or 75% to 7% is an *institutional reform*.

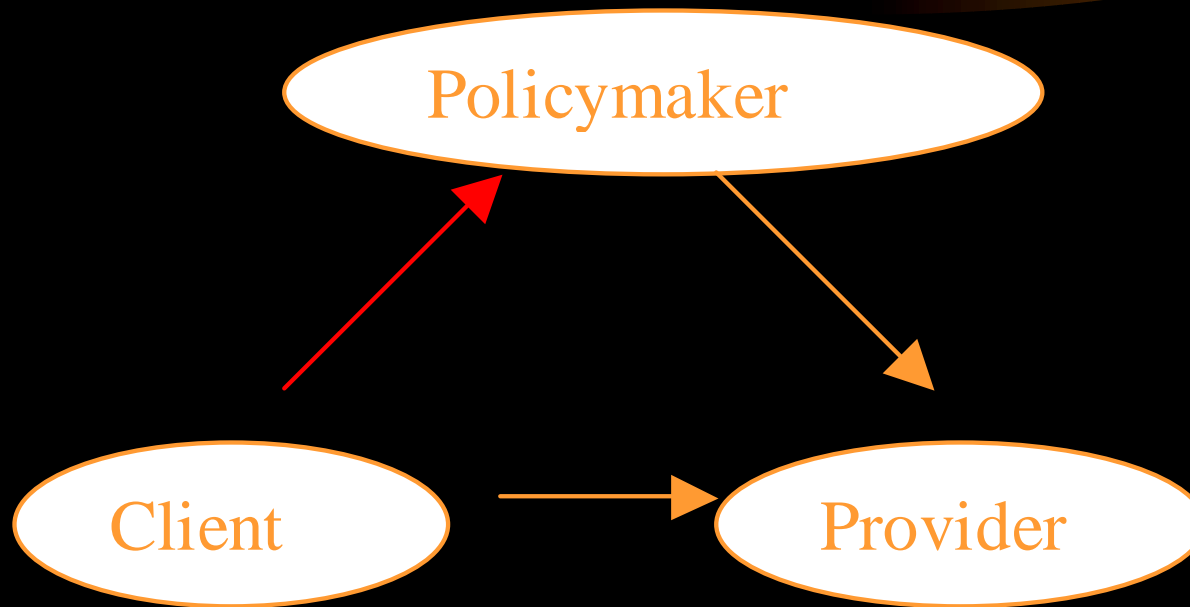
An accountability framework: relationships in the market



An accountability framework: enter the government



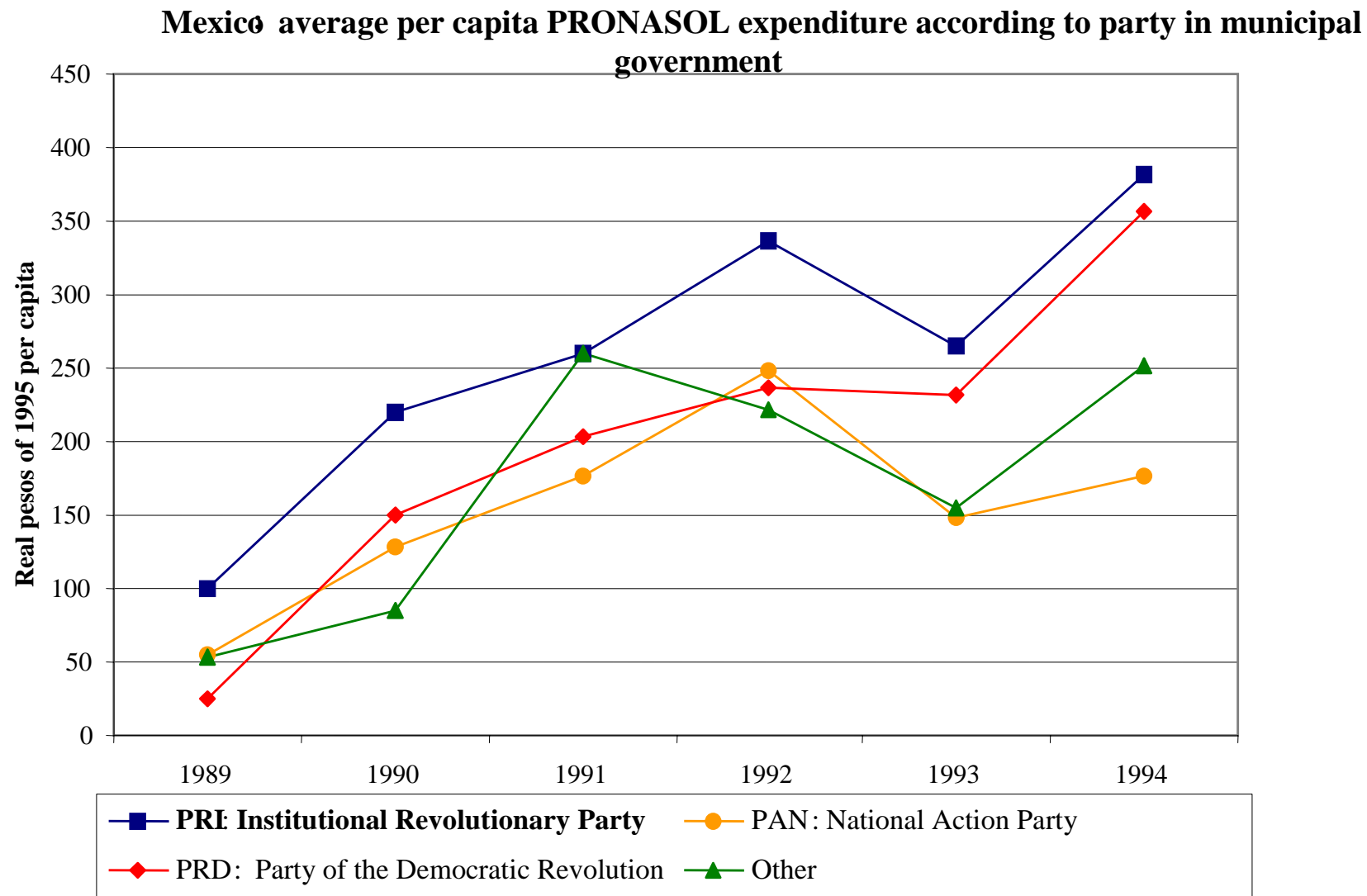
An accountability framework: the “voice” relationship



Mexico's Pronasol program

- Large social assistance program (1.2% of GDP) during 1989-94
- Water, sanitation, electricity and education construction to poor communities
- Limited poverty impact
 - Estimated to lower poverty by 3%
 - If perfectly targeted, could have been 64%
 - Even with universal, untargeted proportional transfer, could have been a 13%

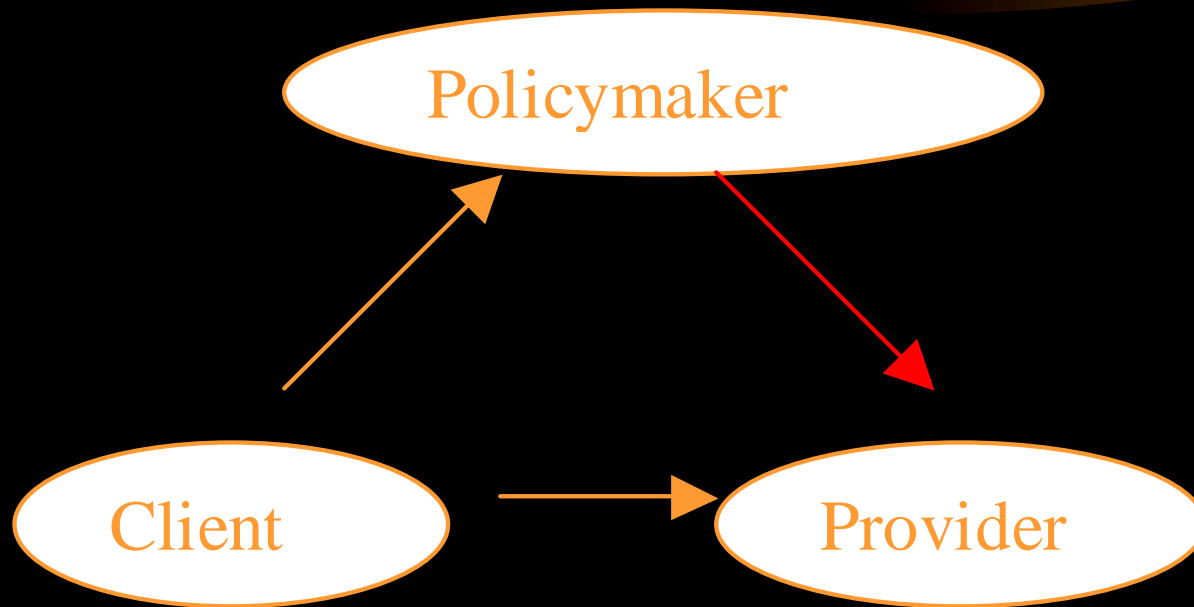
It paid to vote PRI



Citizens and politicians/policymakers

- *Pro-poor vs. clientelist* politics
 - Universal vs. narrowly targeted services
 - Capture
- Role of informed voting, social polarization, credible politicians, and clientelism in understanding why services don't work for poor people
- Role of information

An accountability framework: the “compact” relationship



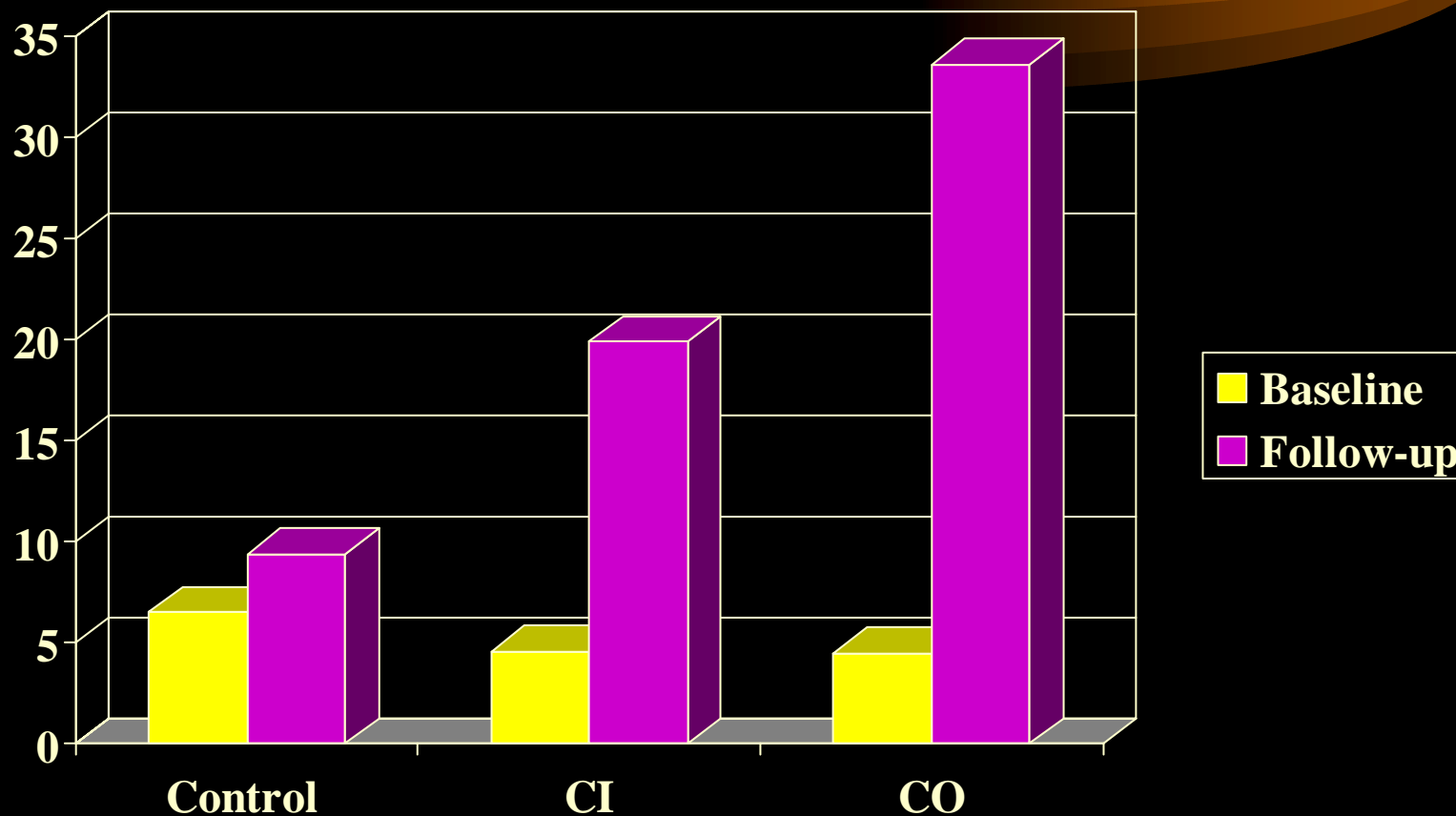
Policymakers and providers: contracting NGOs in Cambodia

- Services run by government (*control/comparison, CC*)
- NGO manages district, cannot hire and fire (but can transfer staff), \$0.25 per capita budget supplement (*contracting in, CI*)
- NGO can hire and fire, transfer staff, set wages, procure drugs, etc. (*contracting out, CO*)

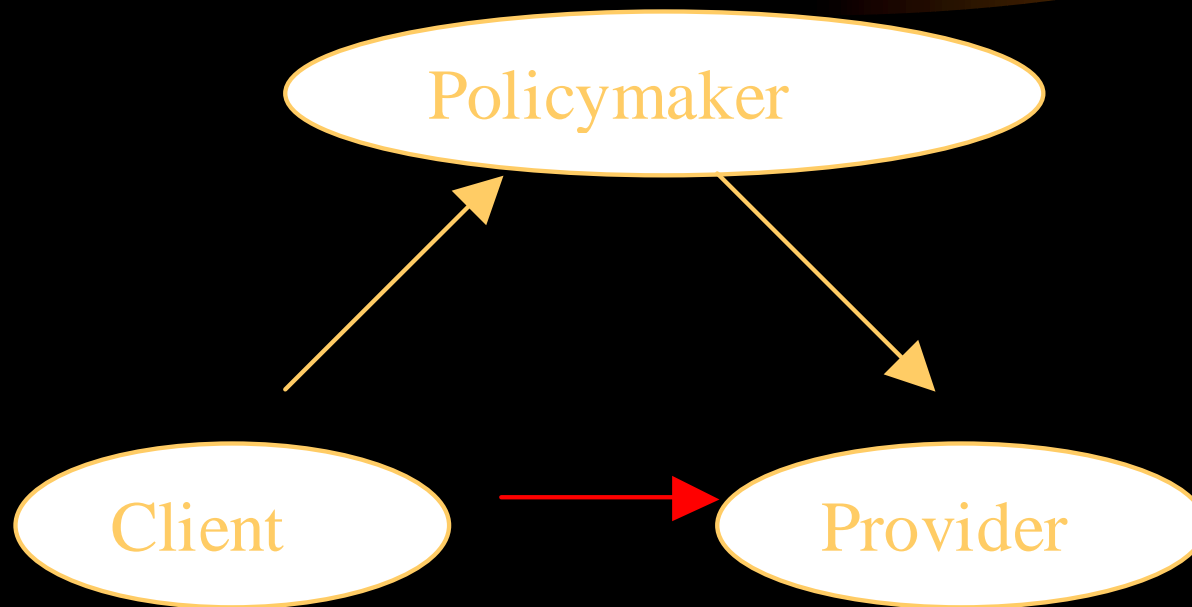
12 districts randomly assigned to CC, CI or CO

Utilization of health facilities

by poor people ill in last month, %



An accountability framework: the “client power” relationship



Clients and providers



Reveal demand and strengthen accountability
by:

- Choice

Clients and providers: Bangladesh's Female Secondary School Assistance Program

- Criteria:
 - Attendance in school
 - Passing grade
 - Unmarried
- Girls to receive scholarship deposited to account set up in her name
- School to receive support based on no. of girls

Clients and providers



Strengthen accountability by:

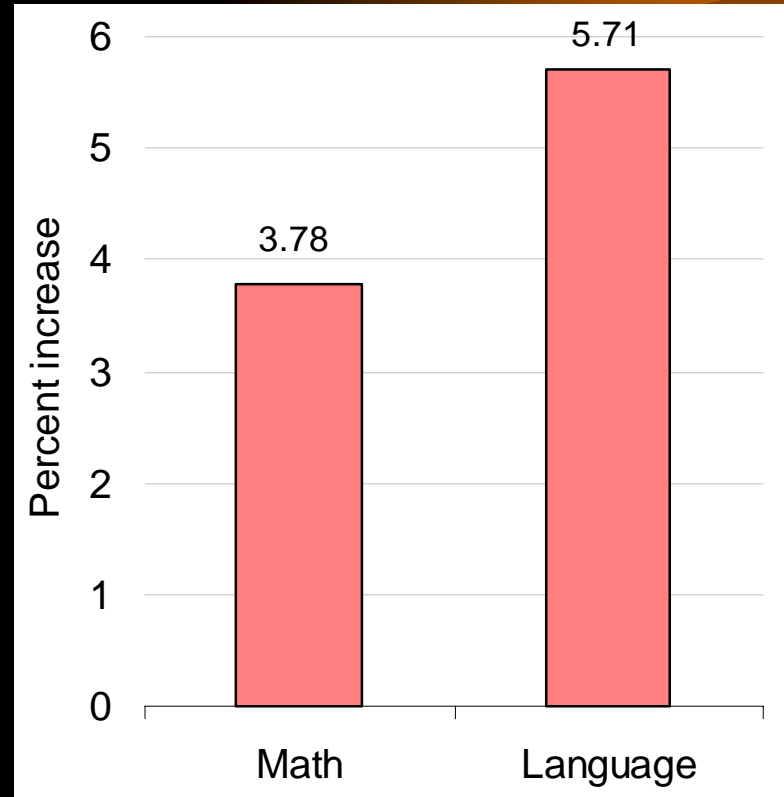
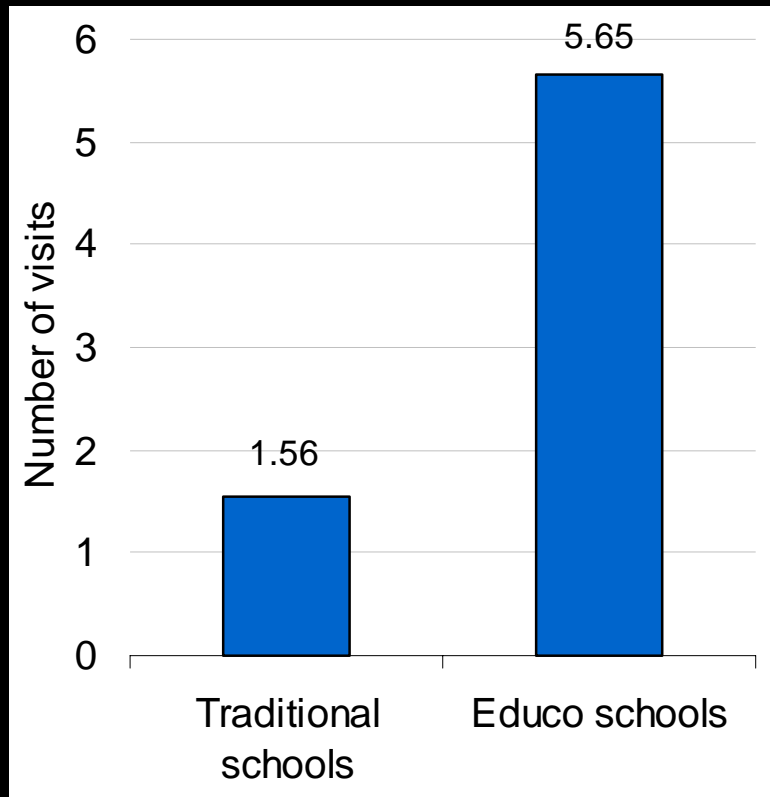
- Choice
- Participation: clients as monitors

Clients and providers: El Salvador's Educo program

- Parents' associations
 - Hire and fire teachers
 - Visit schools on regular basis
- Contract with Ministry of Education to deliver primary education

When parents got into the act...

*EDUCO promoted parental involvement... ...which boosted student performance
(% increase in test scores per visit)*



So, institutions matter, but what does that mean?

- Word *institutions* is extraordinarily plastic: rules of the game, de facto norms & procedures, informal vs. formal, actual vs. de jure
- WDR 2004 defines an institutional arrangement for service provision as the *actual* operation of accountability relationships among key actors
- This definition has two important implications

...And, what does that not mean?

- 1. Weak *organizational capacity* results from weak institutional arrangements
 - absenteeism, low client regard, missing drugs are all proximate causes
 - focusing on these alone will lead to failure
- 2. *Institutional arrangements* refer to reality of power and accountability
 - not what is written on paper, on organization charts, on law & regulation books, or spoken aloud
 - It is institutional *performance*, not legal form, that matters
 - examples

Gap between organizational design & institutional performance

- *Well-functioning financial system*: supports development, but countries have very different banking/finance arrangements (Japan, Germany, U.S.), all compatible with economic development, yet copying these has been no guarantee of success
- *Well-functioning legal system*: supports development, but countries have very different legal arrangements (France's civil code, UK's common law) and have all developed, yet copying these has been no guarantee of success

Basic health & education services: why so hard to get to poor people?

- Services are transactions intensive & hard to monitor
- Learning over long periods, asymmetric knowledge, & compared to other services (roads, electricity, water), large information demands on voters & politicians
- If much heterogeneity or social polarization, households respond differently to basic services & outcomes different
- Politicians find it hard to claim credit, are not credible on promising these services, and can lose elections
- Politicians prefer infrastructure to human development, and use education & health services to generate patronage from their *clients*, rather than as universal services for the general good (i.e., the median poor voter)

Recommended reading

- *Making Services Work for Poor People*, WDR 2004
- Overview, Chapters 3-6 for analytics
- Chapters 7-9 sectors, 10 public sector, 11 donors
- 11 “spotlights” – informative case studies
- Green cover version on web now
- <http://econ.worldbank.org/wdr/wdr2004/>
- Final release in September 2003