

Service Delivery in LICUS contexts  
*Balancing Short-term Provision with Longer-term Institutional Goals*  
Discussion Note<sup>1</sup>  
March 2005

*Introduction*

International development organizations have placed increasing priority on the central importance of human development outcomes and of good governance. In the first years after the end of the Cold War, there was a new emphasis in the potential of development assistance and donors (multilateral, bilateral, non-state) to promote a combination of good governance and democracy, and to focus development assistance on human development. This broadly consensual approach ran into significant practical difficulties as donors confronted the inability of governments to carry out either public sector reform or human development goals due to a complex array of reasons, ranging from on-going conflicts, to post-conflict complications, as well as what is generally termed as ‘poor policy environments’. The World Bank, through its Low Income Countries Under Stress (LICUS) paper and subsequent work program, has sought to address the dilemmas facing donors in poor performing states.

The lessons from the LICUS experiences, as well as a review of a range of country programs focused on service delivery and public sector reforms over the past fifteen years, is that donors face a complex mix of country contexts that require analysis, flexibility and some inevitable uncertainty in determining the most appropriate aid modalities. The choices are far more complex than simply trying to identify the ‘good’ and the ‘bad’ performers. A large number of countries have more severe problems than what could be fit into one category of ‘bad’ performers, and donor modalities need recognition of working with these variables. This makes country contextual analysis essential for donor policies and funding decisions.

Along with addressing the specific, contextual challenges of working with poor performing states, donors also face the task of determining ways to provide support for service delivery in countries where the public sector has collapsed either due to conflict or in the early stages of recovery of conflict; where the public sector is functioning but some regions of the country are in conflict; where the public sector has in effect collapsed due to political regime failure; and where the developmental impact of state failure, violence, conflict over resources, lack of funds, rapidly undermines the providers. The inter-relationship between service delivery and public sector institutions can be described as the ‘two track problem’, the issue around which this paper is developed.

*Public sector and service delivery*

Central to the two track problem is the disjunction---in time frames, in donor bureaucratic divisions, and in conceptual frameworks---between the need to deliver

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<sup>1</sup> This paper was written by Stephen Commins as part of work undertaken on the implications of the World Development Report 2004 (“Making Services Work for Poor People”) in LICUS contexts.

services quickly to poor and vulnerable groups, and the long term tasks in reforming and/or rebuilding public institutions. Even in failed or collapsed states, donors cannot bypass the public sector completely---both for reasons of long term sustainability of service delivery programs, as well as for the necessity of building, however slowly, effective, transparent and accountable public institutions.

Responsibility for making services work for poor people is a public responsibility. For reasons of equity, market failure and the various international rights agreements, ensuring poor people's access to services belongs to the public sector. While differing in history evolution and country context, the connections between human development outcomes, service provision, and public responsibility are central for donor policies.

The long term tasks of rebuilding and/or reforming the public sector are closely linked to the complex roles of the public sector in service delivery. In assessing the short, medium and long-term goals in these two areas, it is important to distinguish between the 'public interest', which can also be called the 'common good' or 'social contract'; 'public responsibility', which is what the government is to ensure for its citizens (health, education, clean water, freedom from crime, safe roads); 'public sector', which is the also bureaucracy that is charged with certain specific organizational tasks.

There is an inherent tension between delivering services to meet immediate needs and the strengthening of public institutions in the longer term, which is at the heart of the issues to be addressed in this note on donor policies and choices:

- How is it possible to restore the state's capacities and to organize or support organizational mechanisms that effectively and accountably provide social services, after years of economic malaise, political breakdown or general neglect?
- What should the balance be between rebuilding state and local bureaucracies and other forms of social provision and service delivery given the impact of conflict, state failure and other political factors?
- Insofar as other modes of service delivery, centered around non-state bodies, have emerged during recent years, should the government eventually work towards replacing, regulating and/or strengthening them?
- What potential forms of synergy exist between rebuilding state capacity and enhancing mechanisms of cooperation (i.e. 'social capital') in civil society?

#### *'two track' dilemma*

These questions set out central aspects of the 'two track' dilemma. Delivering services requires quick action, scaling up program size, and rapid provision of resources, especially to poor and vulnerable groups. Building and/or reforming public institutions is time consuming, long term, and far more an art than a science. Thus the relationship between service delivery and public sector reforms is often either separated due to the departmental agendas and organizational structures in the donor agencies, the types of aid programs established by different donors, or the general professional mindset that has

evolved amongst practitioners which views assistance along the relief to development or transition continuum.

Drawing on the work undertaken in the World Development Report 2004 (Making Services Work for Poor People), this note will examine the challenge faced in LICUS of the two, intricately related tasks of a)finding an effective means of delivering services to mitigate immediate needs in absence of adequate government provision, while at the same time b)rebuilding long term capacity within accountable government institutions.

The note will aim to set out how these two objectives can be mutually reinforcing, or how to address the problem of the ‘two track approach’. Generally, the ways in which aid bureaucracies operate, there are functional divisions shaped by traditional humanitarian response mechanisms, the need for rapidly acting on emergencies, as well as the divisions based upon the model of a relief to rehabilitation to development ‘continuum’. In practice, however, that continuum is blurred, not linear, and often creates more problems in terms of both organizational structure and aid frameworks than it resolves.

In seeking to move beyond the continuum perspective, the organizational problem that emerges is that ‘parallel tracks’ never meet. There is a need to conceptualize, and then put into practice, the linkages between short term service delivery mechanisms and longer term tasks of building public sector legitimacy and capacity. These connections are essential for both service delivery and for public institutions. In order to bring together the two tracks in each country context, donors should be including the linkages between service delivery and political/public sector realities in their analysis---from the beginning of their programs:

- How does rebuilding the public sector affect service delivery, and how does the choice of delivery systems/providers affect the public sector?
- What are the mutually reinforcing linkages and also at what level is the analysis necessary?

For conceptual purposes, it is useful to envision the two tracks at two different levels: the national level, where the overall decisions on financing and supporting service delivery is linked to decisions about the nature of the political dynamics; and the local level, where the practice of service delivery, especially by Non-State Providers is linked to the relationships between the providers and the functions of local governments.

Service delivery programs and policies	Political dynamics Public sector structures and systems
Local needs Non-State Provision	Local government

From the beginning point of acknowledging the relationship and time frame tensions between the two tracks, the following areas will be reviewed:

- Making services work
- Service delivery
- Local government and Non-State Providers
- Rebuilding the Public sector
- Donor roles
- Country contextual analysis
- Implications for donors
- Ways Forward

### *Making services work*

The main message of the World Development Report 2004 is that services are failing poor people---in quantity, quality and access; that economic growth, while essential, is by itself not enough; and that more public spending, while invaluable in specific contexts, by itself is not enough.

Furthermore, the failures of service delivery are not primarily technical or managerial problems, and therefore are not remediable through a technical fix. If seven percent of service providers are absent, it is a management task to lower that percentage to five percent. If fifty percent of the providers are absent, then the problem, involves changing deeply embedded institutional relations.

At the same time, the WDR 2004 identifies and in a number of cases provides specific details on the successes that do exist and that can provide guidance for what can be done to make services work.

In relation to LICUS contexts, the WDR's central message is that services are inherently related to specific institutions and relations. The report presents a framework of accountability, with three relationships:

1. between citizens and politician/policy makers---what we refer to as elements of voice and accountability; and what we also describe as the first half of the long route of accountability.
2. between policy makers and providers (which includes both provider organizations and front line providers)—what is called the compact; and what we also describe as the second half of the long route of accountability.
3. and between clients and providers---what is designated as client power; and what we also describe as the short route of accountability.

For all these relations, the key, long term challenge is the need to put poor people at the center of the service delivery framework. The report recognizes that this is not easy, and in fact is very difficult, precisely because poor people lack voice, lack instruments of accountability, lack client power, and live in weak or dysfunctional public systems. The report also argues that while the short route is often necessary due to the failure of the

long route, equal attention must be given to rebuilding or creating the mechanisms of accountability and voice that promote an effective public sector.

*Service delivery linked to public sector/public institutional strengthening*

Many country contexts necessitate using or building upon the ‘short route’ of accountability, through the work of Non-State Providers. Too often, this is done through individualized donor initiatives and targeted projects, without a clear and consistent framework for connecting the service delivery track with the public institutions track. Donors can work to assess the country context and existing sectoral capacities for linking NSP service delivery with public sector strengthening. This includes an analysis of the existing dynamics underlying poverty and inequality, as well as service delivery, and the potential entry points for actions by NSPs. It can build on the current programmatic experiences of various types of NSPs in regards to new programs and targeted assistance to poor and vulnerable groups. Even with a weak public sector, in some countries it would be possible and valuable to engage public agencies in determining which mechanisms for service delivery provide the best implementation channels.

Donors can bring international experience to the discussion with public agencies and various NSPs on the connections between service provision and strengthening the public sector. This can include the design of the service delivery arrangements, the links between certain types of donor modalities and the public sector, and the potential for service provision to increase citizen demand and thus ‘voice’ over the longer term.

The service delivery track, even at the earliest stages in the most unpromising context, should never be completely disconnected from the public institutions track. There are many potential ways to begin to bridge the two tracks, including: situations where government and opposition groups can cooperate around certain basic services, the establishment of quasi-government agencies for program implementation; creation of budgets that are publicly administered by managed separated from other state finances. The particular approaches will vary between contexts of post-conflict or state collapse to situations where the public sector retains strength but state legitimacy is contested.

*Local government and Non-State Providers<sup>2</sup>:*

Beneath the large national policy framework are the complex relationships between local governments and diverse providers. A key factor for donors to consider in these relationships is that ‘public sector management’ is more than the bureaucracy itself. Of necessity, in relation to the nature of public responsibility, policy making and accountability, it includes engagement with service delivery that is being provided by various non-state agencies. Indeed, this is particularly important and also possible at the local level of government.

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<sup>2</sup> Non-State Providers are any organization-----large private, small private, individual entrepreneur, large NGO, small community organization, self-help group, etc., that is not a publicly managed agency and/or part of the public sector.

Acknowledging that service delivery is a public responsibility means that even in situations where capacity and/or accountability is weak, there are ways in which donors can both support Non-State Providers *and* the strengthening of the public sector. The link between public sector institutional strengthening and service provision is partly found in the acknowledgement that the formal public sector has diverse relationships with and partial responsibility for the actions of Non-State providers of basic services.

The 'what' of the public sector is not just a set of definable government functions which can simply be privatized and dis-aggregated. It is constantly being redefined in an arena of public action which is home to a range of non-governmental agencies. These are continually initiating action in the name of improved public health, defining new areas of government support, and of public concern....the 'whom' of public sector management includes non-governmental actors, from direct health service providers working within the formal health care system to broader development agencies concerned with grassroots empowerment and community development. (Dorcas Robinson)

Donors can work through various channels in LICUS contexts to enhance the management capacity of local government through administrative and fiscal decentralization, as well as identifying zero generation reforms that have a positive role on local capacity and resources. Service delivery provision at the local level can include the establishment of mechanisms to ensure accountability of services to low income communities/service users, through public assessment and scorecards. Donors can work to strengthen the technical and organizational capacities of public agencies, even if provision is not provided by the public sector.

In the case of LICUS, donor support for special training programs equivalent to secondary and tertiary education for the next generation of providers needs specific attention and design. This work on training and capacity needs to be connected to continuing assessment and evaluation of on the ground realities in particular country and local contexts, to allow both donors and governments:

With the importance of assessment and evaluation comes the potential role that information and scorecard campaigns can play in strengthening both the long and short term routes of accountability. Donors and others have an additional area of work at both national and local levels in determining the value and channels for the role of information in service delivery and public institutions. Donors need analyze how information is currently being provided and who uses the information for different purposes. Before rushing ahead with new information and/or media programs, donors must understand whether and how they can improve the quality and expand the quantity of information. There are lessons from successes and failures in the use of information for public sector reform, as well as connecting information to evaluation and accountability. A well developed framework for the role of information, combined with a locally adapted approach, could guide donors and civil society organizations in determining the best ways of communicating information and through which channels.

### *Rebuilding public sector:*

Development and relief practices tend to operate from a view that most of the world is 'normal' in the sense that political systems are stable and public institutions work. This may not be consistent with reality. Rather than working in a stable world, most countries require program decisions amidst conditions of varying political, economic and social turbulence. The number of poor performers may be quite large in terms of capacity, political stability, human development indicators and the quality of public institutions. (level of violence/conflict) This may require a multi-sectoral and political analysis in order to assess how to improve human development, service delivery and public institutions: country context and history matter.

State failure, even in the case of a specific violent conflict is not a single event, but a destructive series of events that are closely related to deepening poverty, destruction of infrastructure and the breakdown of social cohesion. Though some forms of civil society and social capital/cohesion survives and may even be strengthened at local levels. Similarly, peace building is not the absence of conflict alone, and public institution rebuilding is not a technical fix. Both involve complex sets of processes that can begin amidst conflict or state failure---indeed can be built upon emergent initiatives and civil action----and which need to be sustained over years not months.

It is necessary, further, to distinguish, but not to de-link, the longer term task of building effective, accountable transparent public institutions from what may be immediate needs for service delivery. They are related---and too often donors and policymakers have not given attention to how they are connected---but require different time frames. It is often the case that using what the World Development Report 2004 terms the 'short route of accountability', directly between poor people and front line providers, is necessary for delivering services in the short to medium term---even though rebuilding state capacity is essential for the longer route.

### *Donor roles:*

Donor aid modalities can have a positive, but too often have a negative, effect on relationships of accountability. Too often the politics of donor priorities shapes aid in ways that weakens rather than strengthens the key aspects of the framework of accountability.

Despite two decades of questions about the long term, institutional value of projects, the willingness of donors to support projects that are separate or quasi-independent of the line ministries and the public sector remains part of the aid scene. Attempting to overcome the shortcomings or weaknesses in public sector departments, or to address capacity or management obstacles through the implementation of individual projects

creates new and often deeper institutional failure. Competition with line ministries for staff and resources creates tensions and undermines plans for ‘coordination’ or ‘inter-sectoral’ cooperation. In most cases, there has been little if any systematic assessment of the aggregate affects of projects on institutions in one country over five to ten years.

The consistently reported problems of institutional sustainability as well as the lack of integration with public sector changes of the project approach requires a change in donor policies and donor time frames, even in LICUS contexts. Despite improvements in some areas of aid coordination and harmonization, projects tend to be planned, implemented and evaluated in isolation. Because projects cannot be completely insulated from political and social relationships, they have an impact on the relationship between policy makers, providers and citizen/clients. And, while they appear especially attractive in instances of LICUS settings, this approach reinforces the divisions between public accountability and capacity, and short term goals.

For donors, therefore, among the issues to consider in designing country interventions are how to diagnose the service delivery environment using the WDR framework in assessing the relationship between utilizing the short and long routes of accountability.

Whatever the short and even medium term delivery vehicle, the destination must include mechanisms for rebuilding an effective public sector. The institutional complexity is especially daunting when donors are being pressed for funds to address immediate humanitarian needs in countries emerging from conflict or where public institutions have failed. The temptation to avoid the state is understandable, but without some clear and shared donor strategy for rebuilding a responsive and effective state, the proliferation of NGO, CSO, Community Driven Development and Social Fund initiatives will lack breadth of impact or sustainability. Civil society organizations cannot design national policies or standards, nor can they substitute in the long term for citizen/client-policy maker relations.<sup>3</sup>

### *Country analysis: Assessing Institutional Capacity and Context*

Donors need to be realistic, tough minded and candid in dealing with the deeply embedded political, economic, social and ‘identity’ relations that shape the context for work in each country. Without a candid analytic foundation, donor policies tend to be unrealistic about the depth of change needed in public institutions, and the long term horizon necessary for change to take root. From the country analysis, donors can bring together a number of threads between service delivery and public institutions in regards to both levels of the two track approach. In each country, assessing the various relationships and capacities, the balance of services in the short term with medium to long term governance goals---this is an art, not a science. There are, however, significant questions that serve as starting points for analytical work.

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<sup>3</sup> [for the extended version of the paper, there will be a critique of World Bank, UN and NGO ‘solutions’ to the service delivery and public sector tracks.]

*state institutions:* the degree to which they are effective. Which ones are judged to be more effective in service delivery? Are they located in specific ministries or sector? What if anything has replaced the state, e.g. international NGO, self-help by local communities?

*local institutions:* what is the nature of local governmental systems and services? are grassroots institutions based on relations with government organizations, a hybrid or co-existing forms? What services are being provided effectively?

*civil society:* in what ways are local organizations and/or social networks functioning? How far is society, at local and broader levels, affected by the crisis? How far have the practices and structures of service delivery become part of the programs of civil society organizations? Have new forms of political and social participation and patterns of social action emerged through the work civil society organizations in service delivery? What have been the gender implications of the above and what might be their impact on new programs?

The assessment of the country context can give the decisions about so-called ‘zero generation reforms’, which are developed with the recognition that only a few changes can be accomplished at once time, that the foundations for reform are shaky, and thus should be few and focused. Donors and, where feasible, governments should identify a few key building blocks, and avoid simple formulas for ‘better’ government. The building blocks will not ‘fix’ governance problems, as there will be a --long-term transition to effective, accountable and transparent government that involves many difficult steps, set backs and dead ends.

Donors can also assess, in consultation with the public sector and with civil society, how the zero generation reforms will include building up areas of public responsibility for services. This could include basic aspects of public sector management, operational and financial capacities, whether at the local or national level. It might also involve initial mechanisms for both vertical (between citizens and government, different levels of government, or government and local providers) and horizontal accountability (between local providers and citizens, or local government and citizens), that could be connected to service delivery initiatives. Other areas might involve initial work on public expenditure tracking and budgets, or information campaigns. The emphasis and level of emphasis will depend on an assessment of the national, regional and local options for public sector effectiveness and accountability in different sectors.

The work on the short route as well as the long route of accountability in service delivery can affect the building of public agreement and common views on shared purpose, common interests and mutual obligations. The engagement of specific service providers can go beyond the immediate delivery of resources to an understanding of how service provision can also support the establishment of various forms of accountability. There are basic building blocks that are required for effective, accountable government. They cannot all be created simultaneously. There are no simple formulas for better public

institutions. Long-term change involves developing more accountable and more transparent mechanisms and forms of relations between the ‘citizen’ and the state.

As noted by Goran Hyden

This also means taking a broader view of the relevance and strength of local institutions. The burdens of simultaneously building both state and nation that characterize so many countries caught in a post-conflict situation mean that such concepts as ‘citizen’ and ‘state’ must be examined in terms that go beyond conventional legal or economic thinking. For example, while reforming the state is often vital, the tasks go beyond merely making it more effective as an instrument of policy-making and policy-implementation. They include establishing public institutions that are not controlled by the political executive but are still part of the state.

*Implications for Donors:*

From a range of country experiences, and the more recent efforts to approach ‘failed states’, ‘post-conflict states’, ‘poor performing states’, and other overlapping categories, a core message for donors is that they need to give significant attention to better analysis of the politics of what really happens in service delivery. This would be linked with sharing amongst themselves, with researchers and with civil society organizations the tasks of developing better frameworks for learning from country experiences and programs. This would include developing new frameworks for understanding the politics of how service delivery is designed and how resources are utilized. In developing funding and program priorities with NSPs, donors should focus on:

- Impact: contribution to human development outcomes, poverty reduction, vulnerability reduction, etc.
- Effectiveness: corresponds to the types, qualities and quantities of delivered services that meet identified needs
- Efficiency: life-cycle cost of delivered services
- Sustainability: long-term financial, institutional and technical delivery

In addition to the overall delivery questions, there are selection criteria for working with NSPs or other agencies. The assessment of specific NSPs and public institutions points to the importance of giving emphasis to country context and to avoid the utilization of pre-packaged policies and programs. This would enhance the connections between programs for service delivery with those for wider economic, political, social and institutional change. An essential reminder is that donors cannot do everything at once. There remain both conceptual and country specific questions on how to set priorities, time frames and linkages. Finally, donor harmonization is easy to say but very difficult to accomplish

## *Ways Forward*

The international consensus in the Millennium Development Goals and on the importance of both human development and good governance is not easily translated through the filters of specific country context. A large number of poor people live in countries where services are poor, education, health care and water/sanitation facilities are weak or non-existent, and where government either barely exists or is severely dysfunctional. The time frame for meeting the human needs is insistent and immediate, while the time frame for effective, transparent and accountable public institutions stretches out beyond the horizon of donor agencies.

Acknowledging the tension and trade offs between the two tracks, allows donors to better assess the time frames required for different types of reforms, to have a more realistic perspective on donor roles and options, and to face the choices that are necessary if a few strong reforms, rather than many scattered efforts, are to be achieved. A fundamental part of this work is the importance of donors developing an agreed Framework for country engagement, especially in LICUS contexts. This would include but also go beyond the continuing work needed on the harmonization of overall procedures and coordination mechanisms. It would also foster as best as possible the participation of a wide range of civil society organizations, accountability mechanisms for donors as well as public institutions in LICUS countries, and an organizational culture that promoted programs for the sustainability of institutions and relationships as well as short term projects and funding instruments.

The inability of donors to easily or adequately address human needs and public institutions in LICUS countries provides a lesson in the importance of thinking and acting differently. There are no short cuts to progress, as the most important challenges do not have simple answers. They are what E.F. Schumacher called ‘diverging problems’, which require seeing issues from multiple points of view, identifying trade-offs, and making choices while continually remaining open to discovering errors in one’s reasoning.

Donors are caught between the immediacy of human need and the historical record of how long it takes to bring about change----and, the bitter lesson of the 20<sup>th</sup> century, of how short cuts and single-minded utopianism turned into the nightmares of totalitarianism and war. Further, we fail to recognize how difficult creating effective and accountable public institutions, or ‘stable states’ is throughout history. The past is too easily idealized----there are many long hard paths to ‘state formation’ and stable public polities---the United States remained ‘united’ only through the most brutal war of the 19<sup>th</sup> century, one that also created new problems that were unresolved for decades afterwards..

A quote from Donald Schon, taken from *Educating the Reflective Practitioner*, illustrates the tension facing donors who are seeking clarity in their approach and simple fixes to complex problems. Schon compares the world to a swamp surrounded by high ground. From the high ground, we see problems clearly, while in the swamp, the problems are

confused, murky and difficult to tackle. Schon writes that ‘the irony is that the problems of the high ground tend to be relatively unimportant...while in the swamp lie the problems of greatest human concern.’ Balancing the high ground of a well developed framework and clear sets of analytical questions, with the harsh and murky realities of practice is where improved services, human development, public reform and political change will remain the challenge and opportunity.

## Appendix 1

### Non-State Providers, Service Delivery and Public Institutions

#### 1. How successful are different types of NSPs at *reaching the poorest*?

In the reviews of NGO evaluations, larger NGOs in particular, and CSOs in general, tend to be able to deliver services more effectively to the poorest than do governments. However, the coverage of CSOs is limited---they tend to reach only small pockets of the population. The question of how to ‘scale up’ successful CSO activities therefore needs to be addressed in terms of how to reach more and poorer people effectively.

#### 2. What is the *quality of services* that NSPs provide? Do increased resources for CSOs lead to an increase in the quality of provision?

Again, the review of the major NGO evaluations does not give any generic evidence of how well CSOs perform in terms of quality, and there are many examples to support or criticize CSO practices. In many instances the quality of services that CSOs provide is high---this tends to be especially true for certain specialized services. In other cases, quality is not superior to services provided by the state.

#### 3. How *efficient and effective* are NSPs in service delivery?

The general accepted wisdom has been that CSOs are generally more efficient and cost effective than governments. However, this is a difficult area to measure. Very little empirical data are available on this question, and CSOs themselves tend not to carefully monitor or evaluate their actions. There is a need for more well-designed empirical research to address this question.

#### 4. How *sustainable* are NSPs activities?

CSOs are generally dependent on grants and contracts to finance their activities, which are seldom inherently sustainable. Some donors have been requiring that CSO projects become more self-sustaining; however, in the context of service provision, this would generally require CSOs to impose user fees---a strategy generally incompatible with the goal of reaching the poorest.

#### 5. What *linkage* exists between NSP service delivery activities and those of the state?

One of the inherent weaknesses of CSOs is that they are seldom able to provide an overall framework in which to operate at both national and regional levels. Because of the diversity of NGOs, and of their goals, in most countries, a framework to ensure that all people have adequate access to services can usually only be provided by the state.

#### 7. What is the impact of *government legislation*?

#### 8. Will some NSPs be able to take advantage of their increasing role in service delivery to exert positive *political influence* at the local level.

---create constituencies for reform

---voice mechanisms

---coalitions for change