CLIENT POWER

Making Services Work
FOR THE POOR
When the World Bank published its *World Development Report* on Poverty in 2000/2001, it refocused the development debate on the plight of the world’s poor. The report presented a policy framework for addressing global poverty by calling for action in three areas: opportunity, empowerment, and security, and demanded immediate and concerted action to address poverty by both developed and developing countries.

The most recent *World Development Report* (2004), “Making Services Work for Poor People,” brings practicality to the policy debate introduced four years ago. This recent work notes that the poor not only suffer from lack of income but from a failure in basic service delivery far greater than for those of the non-poor. Education, health, water, sanitation, and electricity services simply do not work or are unavailable to the world’s 2 billion poor people. If we cannot improve the delivery of these basic services by 2015 as called for in the Millennium Development Goals (MDGs)—what have our efforts at poverty alleviation amounted to? Have they really been effective?

What is needed, then, to improve these services? As the title of our issue points out, “client power” plays a key role in empowering people to demand, and participate in, adequate service delivery. The *WDR* 2004 outlines a triangle of accountability between the state, citizens/clients, and providers that must be strengthened to improve services. But it also acknowledges that the weakest link in this triangle is the citizen/client. It boldly calls for “putting poor people at the center of service provision: by enabling them to monitor and discipline service providers, by amplifying their voice in policymaking, and by strengthening the incentives for providers to serve the poor.” This should come as no surprise to those of us who believe improved efficiency can result from strengthened accountability to the poor.

On a personal note, this is the last issue of *Development OUTREACH* for which I will be Executive Editor. As Founding Editor, I will continue to contribute to issues of particular interest, especially those focused on social development and poverty reduction.

I’d like to thank our readers for their support over the past four years, and look forward to watching the magazine continue to improve and grow.

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Conclusions of the 2004 World Economic Forum

At the closing session of the World Economic Forum Annual Meeting, held in January in Davos, Switzerland, the co-chairs declared that corporate, government, and civil society leaders need to establish a more effective framework in order to interpret and manage the risks—and the perceptions of risk—as part of their partnership for prosperity and security for the future. Over 2,100 participants from 94 countries were asked to consider questions such as: Should corporations focus more on the short term or the long term? How do we develop more corporate responsibility at a time when businesses are becoming more global? And most critically, how do we reconcile the varying speed of clocks between the public and the private sectors? It was suggested that the answer could only be found in a systemic approach based on partnership.

For more information, visit: www.weforum.org

New LICUS Trust Fund

In January the World Bank created a $25 million Trust Fund to strengthen institutions, support early efforts at policy reform, and build capacity for social service delivery in the world’s poorest countries. These countries, collectively known as Low Income Countries Under Stress (LICUS), are characterized by very weak institutions and governance, and constitute the most difficult environments in which to use aid effectively. The Bank’s LICUS initiative aims to support selective basic governance reforms and innovative mechanisms for social service delivery. The Trust Fund will target those LICUS countries that are not eligible to receive International Development Association (IDA) funding due to their arrears with the Bank.

For more information, visit: www1.worldbank.org/operations/licus

EU Conference Focuses Attention on HIV-AIDS Threat in Eastern Europe, Asia

A two-day, 55-nation conference took place in Dublin in February, seeking closer cooperation in fighting HIV-AIDS in Europe and Central Asia. While AIDS fatalities in Western Europe have fallen significantly since the mid-1990s, thanks to antiretroviral drugs that retard the progression of HIV infection into deadly AIDS, the picture in Eastern Europe and Central Asia makes for grim reading. A World Bank report published last fall said current efforts to “curb HIV-AIDS in the region are too small to have an effect on the course of the epidemic.” It called for spending on HIV-AIDS prevention and care, estimated in the region at $300 million in 2001, to rise to $1.5 billion by 2007.

For more information, visit: www.eu20004.ie

Swedish Integrated Development Policy

Sweden has become the first nation in the world to pass into law an integrated global development policy. The country’s trade, defense, agriculture, environment, migration and other policies must now, by law, align to fight poverty and promote sustainable development. The new policy takes as its starting point the Millennium Development Goals and the Monterrey Consensus. It draws on eight fundamental components: democracy and good governance; respect for human rights; equality between men and women; environmental protection; economic growth; social development; conflict management; and global public goods such as financial stability, disease, and terrorism. With the new bill, Sweden is also committed to increasing its development assistance and encouraging the rest of the EU to do so.

Afghan Poppy Farmers Need Viable Alternative

The Food and Agriculture Organization (FAO) said that Afghanistan’s problematic and large-scale opium production could only be curtailed if poverty-stricken farmers have a reasonable alternative. FAO has requested $25.5 million to be disbursed over a five-year period to agricultural development projects geared to offer farmers in four provinces an alternative to growing opium poppies. Production boomed to 3,600 metric tons last year, making Afghanistan the source of three-quarters of the world’s opium. For more information, visit: www.fao.org/newsroom
The Path to Education

A Multidimensional Approach

BY MAMPHLELA RAMPHELE

EDUCATION AT THE PRESENT TIME sits squarely in the center of the development agenda. Education’s influence on poverty reduction, inequality, and economic growth are now widely accepted in the development community. We know that greater education for girls has strong positive impacts on the health of infants and children, on immunization rates, family nutrition and the next generation’s school attainment. We understand that an educated and skilled workforce is one of the pillars for a dynamic knowledge-based economy, and we see correlations between general levels of educational attainment, gender parity in education, and democratic governance.

Truly sustainable development rests on a base of rising educational attainment and high levels of human capital in all countries. With this notion comes an ineluctable challenge—to make vastly improved education available to all the world’s children. We are called on to show progress in the short and medium term, to produce demonstrable results that education for all is going from a rallying cry to a reality.

To achieve results we must keep two simple facts in mind. First, progress through education comes from improving access and learning outcomes for all students at all levels under well-chosen curricula. It is not enough to increase enrollment; it is not enough even to be successful at one educational level only. We must aim high, seeking broad gains in access and quality that rest on deepening and maturing educational systems and structures.

Second, we must be brutally frank in assessing the effectiveness of our past interventions. This frank assessment must guide our actions. If it is lack of roads that is keeping children from attending school, we need to put the roads in. If it is lack of access to drinking water, pipes with clean water are needed. If it turns out to be lack of local educational policy expertise and implementation experience, coupled with weak data, then we need to fix this situation.

We must have a comparable standard for adequacy of education quality, one that can be brought about only if stakeholders take a comprehensive and coordinated approach to the current constraints. The first element of this coordinated approach is the recognition that ownership must reside as close to the ultimate beneficiaries as possible. In the best settings, the balance of empowerment in education decision-making should tend to favor those whose futures are most immediately affected by the opportunity to acquire the skills and behaviors that quality schooling imparts. The second and third elements in this new approach fall more to donors and the external community. The shift toward deeper ownership on the part of national and local stakeholders must be matched by a dedication among donors to harmonization and capacity building. That is, donors must lessen the cost to recipients of doing business while at the same time viewing every dollar, yen, or euro given in the name of improved education as an opportunity to build the local capacity that will help move recipient countries from dependency through ownership towards successful and sustainable development.

Essential to this approach are the aspects of development which bear on education, but which are not traditional “education concerns” within the discipline. I refer to, among others, the multi-dimensionality of development needs and specifically the effects of areas such as infrastructure, public health and sanitation on education outcomes. In Morocco, for example, girls attendance at school more than doubles with the existence of a paved road. In Bangladesh, school attendance increases by 15 percent with access to piped water and lower water collection times.

Likewise in health: on the positive side de-worming students led to a 15 percent increase in school attendance in Kenya. Mothers who have completed primary education are 50 percent more likely to immunize their children, and evidence is emerging that education can be an effective means to lower HIV/AIDS infection rates. On the negative side, each year Zambia loses half as many teachers as it trains to HIV/AIDS, and overall about 20 percent of the EFA financing gap (some $975 million) is attributable to costs associated with the HIV/AIDS pandemic.

We see then, that part of the path to education for all is with a coordinated approach to provision of infrastructure and health services. For donors and stakeholders alike, it means creating multi-sectoral teams of donors and partners who can appreciate the interrelationships and spillovers that work in one area of development brings to another.

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TOO OFTEN, SERVICES FAIL POOR PEOPLE—in access, in quantity, in quality. But the fact that there are strong examples where services do work means governments, citizens, and donors can do better. How? By putting poor people at the center of service provision: by increasing “client power” to enable them to monitor and discipline service providers; by amplifying their voice in politics and policymaking; and by strengthening the incentives for service providers to serve the poor.

Poverty has many dimensions. In addition to low income (living on less than US$1 a day), illiteracy, ill-health, gender inequality, and environmental degradation are all aspects of being poor. This is reflected in the Millennium Development Goals, the international community’s unprecedented agreement on the goals for reducing poverty (Box 1). That five of these eight goals concern health and education signals how central human development is to human welfare.

To reach these goals, economic growth is essential. But it will not be enough. The projected growth in per capita GDP will by itself enable five of the world’s six developing regions to reach the goal for reducing income poverty. But growth will enable only two of the regions to achieve the primary education goal and none of them to reach the child mortality goal. If the economic growth projected for Africa doubles, the region will reach the income poverty goal—but still fall short of the health and education goals. More resources, domestic and foreign, have therefore been called for.

THE EIGHT MILLENNIUM DEVELOPMENT GOALS

WITH STARTING POINTS IN 1990, EACH GOAL IS TO BE REACHED BY 2015:

1. ERADICATE EXTREME POVERTY AND HUNGER
   - Halve the proportion of people with less than one dollar a day.
   - Halve the proportion of people who suffer from hunger.

2. ACHIEVE UNIVERSAL PRIMARY EDUCATION
   - Ensure that boys and girls alike complete primary schooling.

3. PROMOTE GENDER EQUALITY AND EMPOWER WOMEN
   - Eliminate gender disparity at all levels of education.

4. REDUCE CHILD MORTALITY
   - Reduce by two-thirds the under-five mortality rate.

5. IMPROVE MATERNAL HEALTH
   - Reduce by three-quarters the maternal mortality ratio.

6. COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES
   - Reverse the spread of HIV/AIDS.

7. ENSURE ENVIRONMENTAL SUSTAINABILITY
   - Integrate sustainable development into country policies and reverse loss of environmental resources.
   - Halve the proportion of people without access to potable water.
   - Significantly improve the lives of at least 100 million slum dwellers.

8. DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT
   - Raise official development assistance.
   - Expand market access.
But increased public spending does not necessarily mean more services and better outcomes (Figures 2 and 3). Why? First, the non-poor typically enjoy a disproportionate share of public spending. In Nepal 46 percent of education spending accrues to the richest fifth, only 11 percent to the poorest. In India the richest fifth receives three times the curative health care subsidy of the poorest fifth. Even though clean water is critical to health outcomes, in Morocco only 11 percent of the poorest fifth of the population has access to safe water, while everybody in the richest fifth does.

Second, even when public spending can be reallocated toward poor people—say, by shifting to primary schools and clinics—the money does not always reach the frontline service provider. In the early 1990s in Uganda the share of nonsalary spending on primary education that actually reached primary schools was 13 percent. This was the average: poorer schools received even less than the average.

Third, even if this share is increased—as the Ugandans have done—teachers must be present and effective at their jobs, just as doctors and nurses must provide the care that patients need. But they are often mired in a system where the incentives for effective service delivery are weak, wages may not be paid, corruption is rife, and political patronage is a way of life. Highly trained doctors seldom wish to serve in remote rural areas. Since those who do serve there are rarely monitored, the penalties for not being at work are low. A survey of primary health care facilities in Bangladesh found the absentee rate among doctors to be 74 percent.

By no means do all frontline service providers behave this way. Many, often the majority, are driven by an intrinsic motivation to serve. Be it through professional pride or a genuine commitment to help poor people (or both), many teachers and health workers deliver timely, efficient, and courteous services, often in difficult circumstances. The challenge is to reinforce this experience—to replicate the professional ethics, intrinsic motivation, and other incentives of these providers in the rest of the service work force.

The fourth way services fail poor people, is the lack of demand. Poor people often don’t send their children to school or take them to a clinic. In Bolivia 60 percent of the children who died before age five had not seen a formal provider during the illness culminating in their death. Sometimes the reason is the poor quality of the service—missing materials, absent workers, abusive treatment. At other times it is because they are poor.

Public services are provided, not through market transactions or the “short route” of accountability, but through the government taking responsibility (Figure 1). That is, these services make use of the “long route” of accountability—by clients as citizens paying taxes and influencing policymakers, and policymakers influencing providers and setting incentives for them. When the relationships along this long route break down, service delivery fails and human development outcomes are poor. When the relationships are strong, good outcomes result.

In this issue of Development Outreach we have collected articles which reiterate the main findings of the World Development Report 2004 in making services work for poor people. The articles focus on those services that have the most direct link with human development—education, health, water, and sanitation—and highlight key relationships of accountability between clients, policymakers, and providers.

An introductory note by Mamphela Ramphele stresses the importance of the notion of multidimensionality when expanding education services and improving their quality.

In the first article of the Special Report, Anne-Marie Goetz and Rob Jenkins write about the politics of service delivery, with a strong focus on the accountability relationship between policymakers and citizens and the effectiveness of citizen voices.

To make services work for the poor requires increasing their “client power” over providers to monitor and discipline them, mimicking the short route. Samuel Paul illustrates the use of an innovative accountability tool—the citizen report card—in Bangalore, India, and its results over the past decade. Sigrun Møgedal extends the World Development Report’s framework of accountability relationships to multisectoral HIV/AIDS services, highlighting the complexities involved in addressing this enormous challenge facing the world.

Highlighting the relationship between policymakers and providers, Daniele Giusti, Peter Lochoro, John Odaga, and Everd Maniple discuss the role of not-for-profit providers in health care in Uganda and how they have been able to adapt to changing circumstances. The article by Junaid Ahmad, David Savage and Vivek Srivastava offers insights into scaling up drinking water supply in Australia, India, and South Africa. One lesson is that policy making, regulatory, and service provision functions need to be kept in separate organizations and processes.

Innovating with service delivery arrangements will not be enough. Societies should learn from their innovations by systematically evaluating and disseminating information about what works and what doesn’t. Only then can the innovations be scaled up to improve the lives of poor people around the world. In their article, Esther Duflo, Rachel Glennerster, and
Michael Kremer show how we can learn from randomized trials about the most effective ways to increase school participation and improve the quality of education. Creating a culture where rigorous randomized evaluations are promoted, encouraged, and financed, they argue, has the potential revolutionize social policy in the 21st century, just as randomized trials revolutionized medicine in the last century.

Foreign-aid donors should reinforce the relationships of accountability, not undermine them. It involves changing the way much foreign aid is transferred. Harmonizing aid around the recipient’s service delivery system would be one important way. Bertin Martens looks at incentives in donor countries. He argues that aid effectiveness does not depend on the recipient’s performance alone, but has a lot to do with donor agencies and their institutional behavior.

Despite the urgent needs of the world’s poor people, and the many ways services have failed them, quick results will be hard to come by. Many of the changes involve fundamental shifts in power—something that cannot happen overnight. Making services work for poor people requires patience. But that does not mean we should be complacent. Hubert Lyautey, the French Marshall, once asked his gardener how long a tree would take to reach maturity. When the gardener answered that it would take 100 years, Marshall Lyautey replied, “In that case, plant it this afternoon.”

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LENCAS CHILDREN WANT MORE ATTENTION TO HEALTH CARE AND EDUCATION. NO MORE COMPROMISES.
Voice and Accountability in Service Delivery

BY ANNE MARIE GOETZ AND ROB JENKINS

ACCOUNTABILITY, BY DEFINITION, implies voice—the accountable agency is answering a question articulated through a voice. Agencies must also face the other aspect of accountability, being vulnerable to sanction—another place at which a different type of voice is exercised.

The idea of a relationship between voice and accountability, however distant, is central to everyday understandings of democratic systems. World Development Report 2004 mentions a “long route” to accountability: citizens provide mandates to policy-makers to design services to respond to citizens’ needs. If these needs are not met, this could result in electoral or other forms of political backlash, including demonstrations and legal proceedings.

A huge range of citizen-led efforts around the world has been experimenting with various means of engaging directly with accountability institutions that were once closed to non-state entities. Many civic groups are participating in new, hybrid forms of accountability, either in partnership with state organizations or, more frequently, through protest action, which increasingly takes the form of civil society-initiated public hearings, people’s courts, and commissioned reports that mimic official state proceedings. Through these and other means, ordinary people and their associations are getting intimately involved, demanding the impartial enforcement of punishments for corruption, criminal negligence, and ineffective performance.

As with market-based reforms to public services, voice-based initiatives stress disintermediation—people are pursuing individual cases without the aid of auditors and inspectors-general. Those involved in pursuing what we have called a “new accountability agenda” seem disproportionately to find themselves working within shorter accountability time-horizons, the cycle from mandate to sanction radically compressed. This article outlines some of the salient features of these trends in accountability relationships while also highlighting limitations of voice-based approaches.

Conceptual innovations and practical experiments

ORDINARY PEOPLE COMPLAINING about abuses of power, or participating in service delivery in order to better monitor providers, are hardly new occurrences. Parent-teachers’ associations around the world have long enabled clients of public schooling to contribute to performance improvements. What is new is a considerable amount of conceptual innovation and practical experiment in citizen-led accountability struggles.

Beginning with electoral institutions, there are numerous examples of citizens engaging directly in the vertical accountability relationship between voters and representatives. Improving electoral accountability was the objective of the Election Watch project in the north Indian state of Rajasthan, where during state elections in December 2003 a coalition of civic groups sought to improve public awareness of candidates’ backgrounds. The Supreme Court had, earlier in 2003, ruled that candidates could be required to disclose information about their personal assets and histories. Volunteers crosschecked information supplied by candidates about their assets, their outstanding debts, their criminal records, and their educational attainments. This is similar to a project run by the Poder Cuidano (PO), or Citizens’ Power, a civic organization seeking cleaner political competition in Argentina. The PC monitors campaign finance norms, broadcasts information about the assets of politicians, and accumulates evidence that can be used to expose political corruption. Both cases reveal ordinary people, almost by default, performing a function they might justly have expected the state’s electoral commission to discharge, to say nothing of another great institution of intermediation, the media. Both organizations represent the vertical (citizen-state) dimension of accountability intruding upon the horizontal (or state-to-state) dimension of accountability—in the process, creating a set of locally adapted hybrid forms.

As with market-based reforms to public services, voice-based initiatives stress disintermediation—people are pursuing individual cases without the aid of auditors and inspectors-general. Those involved in pursuing what we have called a “new accountability agenda” seem disproportionately to find themselves working within shorter accountability time-horizons, the cycle from mandate to sanction radically compressed. This article outlines some of the salient features of these trends in accountability relationships while also highlighting limitations of voice-based approaches.
CITIZENS’ GROUPS HAVE BEEN INSTRUMENTAL in creating new jurisdictions and institutions for accountability-seeking. This process is assisted by the growing legitimacy of a global human rights regime. The non-governmental Coalition for an International Criminal Court (CICC) played an important role in establishing the International Criminal Court (ICC). The CICC mobilized global public opinion, influenced the diplomatic procedure that led to the 1999–2000 Rome treaty, and contributed important amendments to address rights abuses against vulnerable groups, particularly women. The International Campaign to Ban Land Mines (ICBL), a diverse NGO coalition that was critical in creating the Ottawa Mine Ban Treaty of December 1997, is another high-profile example.

This experimentation is altering popular understandings of accountability and how it should be achieved. It is expanding the range of accredited accountability-seekers. It is exposing dissatisfaction with weak or consultative versions of accountability, those that de-emphasize the enforcement element of accountability relationships. It is drawing attention to the need for de facto accountability in the actions of non-state power-holders who substitute voluntary self-regulation for enforceable adherence to norms of social justice. And it is promoting broad-based deliberation on changing standards of probity and justice in the actions of power-holders. The results are new standards of what officials ought to be accountable for. Increasingly the standard is no longer adherence to procedure, but the achievement of outcomes, assessed in terms of their value for poor and vulnerable groups.

Citizen-led initiatives

Citizen-led initiatives, particularly those that end up establishing scrutiny processes parallel to, rather than in partnership with, official horizontal accountability institutions, have their own problems. The substitution of citizens’ informal institutions for state accountability institutions inevitably runs into problems of legitimate authority, controls on power, and at the same time, limited impact.

State–society accountability partnerships also must avoid pitfalls. These should be designed explicitly to increase the capacity of public oversight institutions to answer to the poor. Such partnerships must provide rock-solid assurances to citizen participants with recognized roles in public oversight institutions, that they will possess certain rights—most notably, to access the same documentary information as their state counterparts, to have procedural complaints independently assessed, to be able to cross-examine witnesses, and to issue dissenting reports to a higher body (such as the legislature). Voice without these basic tools of answerability and enforceability is a recipe for disenchantment and disengagement.

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Rob Jenkins, Birkbeck College, University of London

The ideas expressed in this article are drawn from Goetz and Jenkins, Reinventing Accountability: Making Democracy Work for the Poor. Palgrave Macmillan, forthcoming.
USER FEEDBACK is a cost-effective way for a government to find out whether its services are reaching the people, especially the poor. Users of a public service can tell the government a lot about the quality and value of a service. Strangely enough, this is not a method that is known to or used by most developing country governments. The continuing neglect of the quality of services is in part a consequence of this gap. This is in sharp contrast to the practice of seeking “customer feedback” in the business world, or at least among those who produce and sell goods in the competitive market place. The “take it or leave it” attitude one comes across—especially at the lower levels of the bureaucracy—is no doubt due to the fact that government is the sole supplier of most essential services. But the disinterest among the higher levels of political and bureaucratic leadership in seeking public feedback on the quality and responsiveness of service providers reinforces this tendency.

What is Citizen Report Card?

WHEN A GOVERNMENT is indifferent, the initiative for change must come from civil society. Citizens who elect and pay for governments cannot and should not remain quiet when essential services are in disarray and public
accountability is lacking. It was against this background that I, as a private citizen, launched a “citizen report card” (CRC) on public services in Bangalore, a large city in Southern India, in 1994. The CRC represents an assessment of the city’s public services from the perspective of its citizens. The latter are the users of these services and can provide useful feedback on the quality, efficiency, and adequacy of the services and the problems they face in their interactions with service providers. When there are different service providers, it is possible to compare their ratings across services. The resultant pattern of ratings (based on user satisfaction) is then converted into a “report card” on the city’s services.

A citizen report card on public services is not just one more opinion poll. Report cards reflect the actual experience of people with a wide range of public services. The survey on which a report card is based covers only those who have had experiences in the use of specific services, and interactions with the relevant public agencies. Users possess fairly accurate information, for example, on whether a public agency actually solved their problems or whether they had to pay bribes to officials. Of course, errors of recall cannot be ruled out. But the large numbers of responses that sample surveys generate lend credibility to the findings.

Stratified random sample surveys using well-structured questionnaires are the basis on which report cards are prepared. It is generally assumed that people from similar backgrounds in terms of education, culture, and so forth, are likely to use comparable standards in their assessments. But these standards may be higher for higher income groups than for the poor whose expectations about public services tend to be much lower. Dividing households into relatively homogenous categories is one way to minimize the biases that differing standards can cause.

The Bangalore experiment

The Public Affairs Centre (PAC) in Bangalore has done pioneering work on CRCs over the past decade. The first report card on Bangalore’s public agencies in 1994 covered municipal services, water supply, electricity, telecom, and
transport. Since then, PAC has brought out report cards on several other cities, rural services and also on social services such as health care. But since it has tracked services for a longer period in Bangalore, we shall refer to this experiment in detail below.

The findings of the first CRC on Bangalore were most striking. Almost all the public service providers received low ratings from the people. Agencies were rated and compared in terms of public satisfaction, corruption and responsiveness. The media publicity that the findings received, and the public discussions that followed, brought the issue of public services out in the open. Civil society groups began to organize themselves to voice their demands for better performance. Some of the public agencies responded to these demands and took steps to improve their services. The inter-agency comparisons and the associated public glare seem to have contributed to this outcome. When the second report card on Bangalore came out in 1999, these improvements were reflected in the somewhat better ratings that the agencies received. Still several agencies remained indifferent and corruption levels continued to be high.

The third CRC on Bangalore, in 2003, has shown a surprising turnaround in the city’s services. It noted a remarkable rise in the citizen ratings of almost all the agencies. Not only did public satisfaction improve across the board, but problem incidence and corruption seem to have declined perceptibly in the routine transactions between the public and the agencies (Figures 1, 2, 3). It is clear that more decisive steps have been taken by the agencies to improve services between 1999 and 2003.

Lessons

WHAT ACCOUNTS FOR this distinct turnaround in Bangalore’s public services? And what lessons can we learn from this experiment? Needless to say, without deliberate interventions by the government and the service providers, no improvement would have taken place in the services. But the key question is, what made them act? A whole complex of factors seem to have been at work. The new Chief Minister who took over in 1999 was very concerned about the public dissatisfaction with the city’s services. He set in motion new mechanisms such as the “Bangalore Agenda Task Force,” a forum for public–private partnership that helped energize the agencies and assist in the upgrading of the services. The civil society groups and the media supported and monitored these efforts. What is significant is that the initial trigger for these actions came largely from the civil society initiative, “citizen report cards.”

What are the pre-conditions for such civil society initiatives to work? It is obvious that these initiatives are more likely to succeed in a democratic and open society. Without adequate space for participation, CRCs are unlikely to make an impact. A tradition of activism within the civil society would also help. People should be willing to organize themselves to engage in advocacy and seek reforms supported by credible information. Political and bureaucratic leaders must have the will and resources to respond to such information and the call for improved governance by the people.

The credibility of those who craft CRCs is equally important. The initiators of the exercise should be seen as non-partisan and independent. They need to maintain high professional standards. The conduct of the survey and the interpretation of the findings should be done with utmost professional integrity. A report card does not end with the survey and its publication. Much of the advocacy work that follows will draw upon the report card findings. The CRC thus is a starting point, to be followed by further action through organized advocacy efforts, including civic engagements and dialogues with the relevant public agencies.

Conclusion

WHEN A GOVERNMENT ON ITS OWN improves its services and accountability, initiatives such as CRCs may not be necessary. Even under these conditions, a report card can be an effective means for civil society groups to monitor the performance of government and its service providers. Public agencies can on their own initiate report cards on their performance as indeed some in Bangalore have done. But when a government is indifferent to these concerns, the report card approach can be an aid to civil society groups that wish to goad the government to perform better.

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The Handbook on Public Sector Performance Reviews
edited by Anwar Shah, World Bank

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## OUTLINE OF SOCIAL ACCOUNTABILITY MECHANISMS

*WBI’s Community Empowerment and Social Inclusion Learning Program and the Bank’s Social Development Unit are undertaking a global stocktaking exercise in the area of social accountability. This table reflects topics to be covered by the study. For more information, see [www.worldbank/wbi/communityempowerment](http://www.worldbank/wbi/communityempowerment)*

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<th>COMPONENTS OF SA MECHANISMS</th>
<th>DEFINITION</th>
<th>DESCRIPTION AND EXAMPLES</th>
</tr>
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<tbody>
<tr>
<td><strong>INDEPENDENT BUDGET ANALYSIS (IBA)</strong></td>
<td>Refers to the research, advocacy and dissemination of information on issues related to official budgets by civil society and other actors independent of the government. The goals are to: analyze the implications of government budgets for different stakeholder groups, particularly the poor and underprivileged raise the overall level of budget literacy amongst the general public inform legislators and policy makers themselves so that they can engage in a more informed and efficient budget policy debate.</td>
<td><strong>BUDGETARY PROCESS ANALYSIS:</strong> evaluating the knowledge of and general transparency surrounding the budgetary process (e.g. ADVA in Israel) <strong>GENERAL ECONOMIC ANALYSIS:</strong> Several groups look at whether the macroeconomic assumptions and forecasts made to guide medium term policies like the PRSP are realistic or not. <strong>BUDGET EXPENDITURE ANALYSIS:</strong> includes tracking public spending to compare the &quot;planned&quot; budget to the actual budget. <strong>Sector-Specific Analysis:</strong> examine the implications of the budget on specific sector or area of public expenditure (health, education...) <strong>Analysis of Effects on Different Population Groups:</strong> such as expenditure oriented to the poor, the elderly or women(e.g. FUNDAR in Mexico). <strong>Revenue Analysis:</strong> a) assessing the macroeconomic effects of tax increases or cuts on the distributional effects of the tax system, b) connecting revenue and expenditure analysis, and c) evaluating the tax collection capacity of the government. <strong>Evaluating Public Services or Programs:</strong> assessing the quality and effectiveness of public services. <strong>Advancing Budget Literacy and Providing Budget Training:</strong> providing accessible materials and training on budget-related issues.</td>
</tr>
<tr>
<td><strong>PARTICIPATORY BUDGET AND PUBLIC EXPENDITURE TRACKING</strong></td>
<td>BPET involves the use of civil society to track how the public sector spends the money that was allocated to it. This is usually done by ‘input-tracking’ rather than tracking of actual expenditures, since for most developing country contexts the most readily available data is on inventory records.</td>
<td>BPET allows a continuous public involvement in the exercise. It is the actual users or beneficiaries of services (like parents of school-going children) that collect data on inputs and expenditures, rather than some technical agency, bureaucrat or external consultant. The results of the exercise are immediately disseminated to the public either via the media, or through publications in the local language. This continuous transfer of information into the public domain either through an accompanying media campaign, public awareness drive, or via information dissemination and mobilization by CSOs is an integral part of BPET, which differentiates it from the more orthodox methods like public expenditure reviews (PERs).</td>
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<tr>
<td><strong>PARTICIPATORY PERFORMANCE MONITORING</strong></td>
<td>The performance of the selected public funded agencies or projects are assessed and monitored by the community organizations/groups or NGOs using predetermined indicators and systems that they themselves decide upon. It also includes communities or community groups tracking of progress of projects and sub-projects which they have designed and implemented using their own funds or government funded (e.g. social investment funds).</td>
<td>Community Score Cards. This is a community based qualitative monitoring tool that draws on techniques or is sometimes called a hybrid of social audit, community monitoring and citizen report cards. The process is also an instrument for empowerment and accountability as it includes an interface meeting between service providers and the community that allows for immediate feedback. Citizen Report Cards. One of the more analytically robust and powerful instruments to monitor and evaluate public performance draws on a private sector practice of soliciting feedback from citizens and compiling ‘report cards’ (e.g. Bangalore Report Cards and the Bank-funded Filipino Report Card (2000)). <strong>Participatory or community based monitoring and evaluation.</strong> It is a process of monitoring and evaluating projects that have been designed by the community or community groups themselves or by government agencies.</td>
</tr>
<tr>
<td><strong>PARTICIPATORY BUDGETING</strong></td>
<td>This involves direct citizen/CSO participation in formulating public budgets</td>
<td>Participatory policy formulation has become an increasingly common trend, particularly with the introduction of the PRSPs at the national level and community driven development initiatives at the local level. <strong>Participatory budget formation</strong>, is less common and usually occurs at the local level (as in over 100 municipalities in Brazil or in Sirajganj district in Bangladesh). But is also theoretically applicable at higher levels. Another approach to participatory budget formation is when civil society actors prepare alternative budgets (such as South Africa’s Women’s Budget or Canada’s Alternative Federal Budget) with a view to influencing budget formulation by expressing citizen preferences.</td>
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Applying the Service Delivery Triangle to Care and Treatment for HIV/AIDS

BY SIGRUN MØGEDAL

THE SERVICE DELIVERY TRIANGLE as presented in the 2004 World Development Report (WDR) offers a tool for exploring key interactions in service delivery that can be usefully adapted to various contexts, services and service policies (Figure 1). This article is an attempt to apply the triangle concept to the challenge of scaling up care and treatment for AIDS.

HIV/AIDS in a health system context

AIDS IS TODAY A CHRONIC DISEASE that can be treated, with a growing caseload that weighs heavy on weak health systems. Access to care and treatment is both a right for the individual and a public good, with widespread benefits for society. This is to a varying degree true also for other components of the
health care package. But health systems are often poorly equipped to cope with these basic needs and rights, and face competing demands.

Much attention has in the past been given to reforming health system structures. In striving to reach the Millennium Development Goals (MDGs), there is now a growing concern about performance and equity. This brings questions of access and barriers to access to the forefront. Most of the access barriers are systemic in nature and therefore affecting all services, including AIDS. Through its association with stigma, rejection, and issues of power, poverty and gender discrimination, AIDS adds to systemic barriers and creates additional ones.

In spite of major efforts to simplify treatment routines, care and treatment for AIDS is more demanding than other elements of the basic health care package. It is demanding in terms of continuity in the health care chain from periphery to referral, both because of its demand for diagnostics and clinical judgment and because of overall cost—although the drug cost has now been dramatically reduced.

The service delivery triangle is easily adaptable to this context, but may need to be interpreted through a special “AIDS lense” in order to offer clues on options and choices.

**HIV/AIDS response and stakeholders**

The service delivery triangle sets out key relationships of accountability between the client, the provider, and the policymaker. These stakeholder groups are basic to all service delivery and obviously also to the AIDS response. But the way the stakeholders interact and the forces and drivers in each of the three corners of the triangle are not the same for all the elements of health services.

On the demand side, this is reflected in heterogeneity in the client group. HIV/AIDS adds heterogeneity. Generally, one will expect to find important differences between demand for curative and preventive services and between “high status” and “low status” diseases. Demand will also reflect gender and age differences, social and economic groups, ethnicity, distance from the provider and so forth. AIDS adds new dimensions of marginalization, aggravates the gaps between the non-poor and the poor and creates new and competing interest groups and patterns of demand.

At the level of policymakers, the challenges of an emergency HIV/AIDS response in most heavily affected countries have led to the establishment of semi-independent, multi-stakeholder national authorities, linked up to the government structures at the prime minister’s or presidential level. These authorities serve as custodians of an exceptional national HIV/AIDS action framework, including policy coordination, umbrella functions for various partnerships mobilized for AIDS action, and for monitoring and evaluation. Bringing in a national HIV/AIDS authority with exceptional policy and coordination responsibilities, in addition to the regular functions of the state, generates new challenges in terms of accountability (UNAIDS 2003).

For service providers, for the AIDS response it is critical to have clear contracts with policymakers, as it brings added plurality in service provision. In many cases the financial resources for “outside-the-box” decision-making and provision are far greater than what is available for a regular health sector service package. There are new challenges in terms of the supply chain, both in quality and continuity. AIDS kills health personnel and weakens the manpower base. At the same time the multi-stakeholder response causes increased competition for skilled manpower, moving health personnel from the public to the private, from the periphery to the center, and from low-capacity countries to countries with better terms of employment. This situation is a major challenge to policymakers and provider organizations and calls for codes of conduct to accompany market and purchase.

**Client power and the AIDS response**

**CLIENT POWER THROUGH PARTICIPATION, watch, and purchase, is a key entry point for application of the service delivery triangle offered by the 2004 World Development Report to different types of services. The “eight sizes fits all” decision tree that goes with the triangle is central for determining which service delivery arrangement would most improve provision, along variables such as centralized/decentralized decision-making and public-private provision (figure 2). When applying this decision tree to AIDS, each step needs a modifier reflecting whether the policy environment is AIDS-sensitive or not.**

With AIDS-sensitive government policies I mean policies that give visible political leadership to the HIV/AIDS response, fight stigma and discrimination, and are expressed in AIDS action frameworks and coordinating structures inclusive of non-governmental partners, particularly communities living with the disease.

The first step of the WDR decision tree is to determine whether government is pro-poor or clientelist. While in terms of the AIDS response this is a useful distinction, in the case of pro-poor policies it makes a big difference whether these policies are “AIDS-sensitive” or not.

The basic assumption must be that providers are able to carry out the AIDS response as an integrated component, which would be exceptionally designed, visible, and have high priority. This means that in countries with pro-poor policies that are not AIDS-sensitive the health system cannot be the main service provider. In such cases central government contracting or central government provision without direct client input or client monitoring will have to be ruled out. These options may
not even be viable in a context of AIDS-sensitive policies, because of the need for broad involvement of multiple stakeholders to deliver and manage an effective AIDS response. In countries with heavy AIDS load client groups become more heterogeneous and thereby call for decentralized options. AIDS will also tend to make services harder to monitor.

The mix of clientelist and AIDS-sensitive policies raises challenges, which do not fit easily into any of the boxes of the decision tree. While seemingly a contradiction, it is important to remember that government policies are often not coherent and may be contradicting—across sectors and levels as well as within them. Country-level analysis along the lines of poverty orientation and AIDS-sensitivity is therefore important.

It can be assumed that both poverty-orientation and AIDS-sensitivity are required in order to achieve the Millennium Development Goals (MDGs). MDG monitoring may therefore be a useful tool to address issues of policy coherence. Strategies for basic health services as well as care and treatment for AIDS will need to be assessed as to whether they will usefully drive coherence, compatibility, efficiency, and sustainability in order to achieve the MDG. Clientelism, combined with AIDS-insensitive policies in countries heavily affected, poses a serious risk scenario for any public health effort.

Applying AIDS-sensitivity to the decision tree (Figure 2) shows us that client participation and client power are critical to make health services work, both for poor people and for an effective AIDS response.

**Demand and priority setting in the context of HIV/AIDS**

There are major questions to address in the match between supply and demand in the context of HIV/AIDS. Individual demand for treatment and care may overpower public health imperatives, such as prevention. Stigma and discrimination require special measures to ensure that treatment is available for marginalized groups, even if not demanded. In addition, the purchasing power, interest, and needs of the individual have to be weighed against well established criteria for effective public health in order to serve purposes of common good.

There is a definite risk that separate provision of treatment for disease will risk reducing the demand for prevention and may lead to reduced coverage of the basic health package. And while accountability between the provider and the client may

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**FIGURE 2—EIGHT SIZES FIT ALL**

<table>
<thead>
<tr>
<th>1</th>
<th>Centralized public financing with contracting out</th>
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<tr>
<td>2</td>
<td>Centralized government provision with regulatory oversight</td>
</tr>
<tr>
<td>3</td>
<td>Deconcentrated government or local provision or contracting out. Deconcentrated central government may have an advantage over local government—at least in terms of financing—since services are easy to monitor and central government is in a better position to achieve interregional transfers of income.</td>
</tr>
<tr>
<td>4</td>
<td>Local or deconcentrated government provision. Lower-tier and local governments may have advantage over central government because they are better able to monitor local service quality and can be more easily held accountable.</td>
</tr>
<tr>
<td>5</td>
<td>Contracted provision and public financing that provides lots of information to strengthen voice and client power. Clientelist relationships dominate politics. Services used as currency of political patronage. Politicians have strong incentives for providing narrowly targeted transfers rather than universal public goods and prefer credibility that clientelism yields. Information about politicians, their specific contributions, and service inputs and outputs can strengthen voice and have high payoff and be cost-effective. Scorecards, tracking surveys, and client satisfaction surveys potentially most useful since nature of service and preferences are uniform and easy to monitor and compare across jurisdictions. Public disclosure and a free press essential. Strengthen voice and client power in general to counter clientelism (applies to 5–8).</td>
</tr>
<tr>
<td>6</td>
<td>Encourage altruistic providers (NGOs). Copayments and fees to reduce capture. Public information campaigns.</td>
</tr>
<tr>
<td>7</td>
<td>Decentralized, rule-based allocations, vouchers, private provision (because service is easy to monitor). Disseminate local information on provider performance to help monitoring;</td>
</tr>
<tr>
<td>8</td>
<td>Possibly the hardest situation to deal with. Need to boost client power to increase monitoring. Rule-based allocations, copayments, user groups, altruistic NGOs, information for mobilizing clients. Free press essential to monitor compliance.</td>
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</table>

Source: WDR 2004
Pro-Poor Health Services
The Catholic Health Network in Uganda

BY DANIELE GIUSTI, PETER LOCHORO, JOHN ODAGA, AND EVERD MANIPLE

Most private not-for-profit (PNFP) health providers in Uganda are faith-based. They account for a sizeable proportion of the health services delivered in the country (Hutchinson 2001) and have as their prime concern the provision of services to the poor. During the last century this sector expanded substantially, especially in rural areas, providing services at subsidized prices, thanks to the solidarity of sister churches and denominations. These providers are coordinated through umbrella organizations, such as the Catholic, Protestant, and Muslim Medical Bureaus and the Uganda Community Based Health Care Association.

During the era of socio-political upheaval and economic decline in the 1970s and 1980s, the PNFP sector continued to operate using several coping mechanisms aiming at cost containment—such as underpayment of personnel, reliance on unqualified staff, increasing working hours, and disregard for depreciation of capital assets and their maintenance—on the one hand, and at increasing reliance on support from external charities, on the other hand.
By mid-1990s both approaches showed their limitations. Attempts to restore physical and human capital occurred at the time when new service standards were introduced and when the civil service reform was increasing public sector salaries, creating considerable pressure on the PNFP sector. Furthermore, the AIDS crisis became apparent, and inputs from private charities started decreasing. The only possible option was a heavier reliance on user fees. But this caused a rapid decrease of utilization, accompanied by efficiency losses.

This article documents the experiences of the Catholic health network in Uganda and its umbrella organization, the Uganda Catholic Medical Bureau (UCMB) in making health services work for poor people. It demonstrates how the pro-poor ethos—derived from a longstanding tradition and the mission of “healing by treating and preventing diseases, with a preferential option for the less privileged”—supported by “soft” regulation and technical assistance from the umbrella organization can induce a process of change in a network of providers.

Preventing a crisis

By mid-1990s many providers in the PNFP health sector were no longer able to cope with the increasing cost of service production. The UCMB estimated that, on average, the cost of producing one unit of output was increasing by 20 percent per year. Given the importance of the PNFP sector, a major crisis in health care countrywide was to be expected. A particular concern was that higher fees reduced access for the most vulnerable groups: women, children, and the poor. A clear sign of the crisis was the decreasing volume of services delivered, expressed in standard units of output relative to outpatients (SUO op). Data prior to 1997/98 showed a steep decline of various activity indicators; in several hospitals utilization was in a free fall. Also recognizing the signs of a crisis, the government agreed to support the PNFP sector by grants disbursed directly to individual providers (hospitals and health centers). Since then, subsidies have increased from about 5 percent of the operational cost of the sector to about 35 percent. Today the sector relies on user fees for about half of its operational costs. This intervention—a private–public partnership—was able to prevent a fatal crisis, reduce reliance on user fees, and, as a result, increase utilization.

Developing monitoring tools

The UCMB was aware of the need to monitor closely developments in the delicate phase of transition. It was also aware that it needed to account for the public subsidies. For these reasons the Bureau undertook, since 1997/98, a systematic data collection effort from the affiliated hospitals, covering both inputs and outputs. The analysis of these data has permitted the observation of trends in critical parameters (listed below). Since 2000/01 each hospital has received an annual feedback report, containing information on its own performance compared to other hospitals for each of the selected indicators. The aim of the feedback report is to help the hospital management take a critical look at their performance and compare it to that of the whole sub-sector, its peer group, and outliers. In the absence of realistic “gold standards” of performance, this approach stimulates comparisons and triggers processes of steered change in an environment long dominated by crisis management.

At the end of 2001/02, the following picture could be detected from the performance indicators:

- The volume of service outputs, measured by standard units of output relative to outpatients (SUO op), was increasing steadily, but so was the cost of the services produced. SUO op is a composite activity index weighted by the cost of each activity.
- The productivity of staff (SUO op per staff), remained stable, and in some cases showed a decline.
- Fees (per SUO op), which had been decreasing for three years, had started increasing again.
- The interpretation that the UCMB gave to these observations was that the expansion of service volume had not been accompanied by the necessary efficiency gains, and that access by the poor was still a problem.

Accelerated reduction of user fees

An earlier study commissioned by the UCMB had revealed that a small group of hospitals in the network was operating at higher efficiency levels (Amone and others, 2000). A common factor for them was that they had introduced and maintained lower and flat fees for selected target groups (children, mothers, and female patients). In 2000 a severely underutilized hospital that had reached the verge of closure, was encouraged—on the basis of the evidence gathered through the study—to flatten and lower fees for children and pregnant women. The only support the UCMB was able to provide was a moderate degree of managerial assistance and the guarantee that financial losses, if occurring, would have been met through external aid. The experience of this hospital was a shocking revelation. In a few months patients started flocking back, without causing any financial shortfall (Santini, 2002).

Given this experience, the Bureau launched in 2002 a “strategy for accelerated reduction of user fees,” proposing it to all PNFP hospitals. In a nutshell, hospitals were asked to:

- Pay a closer look at fees actually paid by patients, with a systematic approach (that is, a baseline survey and follow-up);
- Reduce and/or flatten fees for children, mothers, and women; and
- Monitor utilization and provide this information to the UCMB for aggregation across hospitals.

Results

In less than one year from the consensus reached among all affiliated health units in the Catholic health network, the following results could be documented:

- The annual increment of outputs has been the highest registered in the last 5 years.
- For the first time in 5 years unit cost has decreased (Figure 1).
Productivity of staff has increased in the last year (Figure 2).
Fees per unit of output, which had started increasing again in 2001/02, have decreased and are at the lowest value in 5 years (Figure 3).

Results are all the more remarkable if one considers that, contrary to the above pilot hospital, the UCMB was not able to offer any guarantee that financial shortfall could be met by external aid. Hospitals had to carry the risk themselves and financial subsidies from government, which had been growing rapidly in the previous years, were leveling off.

These results point to the fact that intrinsic motivation, or the "ethos" of these hospitals, matters.

A similar inference was made for the PNFP lower level units by a comparative study of PNFP, private for-profit, and public health units in Uganda (Reinikka and Svensson, 2003). When an appeal to this ethos is accompanied by a rational argument, evidence, and some know-how, major changes are possible. The results documented thus far also provide some evidence that the hospitals have become more pro-poor. Although fee reductions were not targeted at the poor, it is known that utilization by the poor is more elastic to fee adjustments (McPake, 1993). This implies that fee reductions disproportionately favor the poor. Since the largest majority of Catholic health units operate in rural environments and a sizeable number of them in war-torn areas, it could easily be inferred that their increased utilization included more patients from poor socioeconomic categories.

**Improving information**

To provide further documentation of the processes under way, strengthen the rational argument, and improve the know
how in view of limiting the degree of risk that hospitals have to accept, the UCMB with the other denominations’ bureaus, went a step further and carried out a study in a sample of affiliated hospitals (Odaga and Maniple, 2003). Although the study did not yield conclusive results, it provided additional insight in the dynamics at play and led to some interesting findings, summarized here, and communicated to all hospitals:

The majority of the hospitals have responded by reducing fees and adopting a flat fee structure. Only 8 percent of hospitals have not yet taken a decision to do so. Most hospitals have targeted services towards pregnant mothers and children. Fee reductions have generally resulted in increased utilization of all targeted services, and have especially favored children.

Responsiveness in maternal services was consistently low, implying presence of other important barriers. Flattening of the fee structure reinforced the effects of fee reduction. However, the flat fee concept was not appreciated the same way in all the hospitals. Response was stronger where the community could understand (and perhaps predict) the new fee structure. Although most hospitals reported to have displayed their fees publicly in their premises, this alone was not effective in informing the community. Methods that reach out to the community were found to be more effective.

Many hospitals still lack the technical competence to monitor the process of user fee reductions, even though most of them reported to have them in place.

Conclusion

MAKING HEALTH SERVICES WORK for poor people is not easy. The 2004 World Development Report provides an extensive analysis of the actors and factors at play. It has also suggested that with altruistically motivated providers the inherent pro-poor ethos can be banked upon if combined with regulation and support. This article has documented how this can indeed happen. We would only like to add that managerial know-how is necessary to limit the risk that service providers take when they decide to be more pro-poor, in an environment where poverty is widespread and resources are extremely limited. Umbrella organizations can collect and make use of information to strengthen the pro-poor ethos and enhance self-regulation. They can also provide the much-needed additional managerial capacity so often wanting at the implementation level in a resource constrained environment.

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References


Scaling Up Drinking Water Services

BY JUNAID K. AHMAD, DAVID SAVAGE, AND VIVEK SRIVASTAVA

WORLDWIDE THERE HAVE BEEN MANY SUCCESSES in the delivery of drinking water services. The reform of Phnom Penh’s public utility in Cambodia and Cartagena’s water privatization in Colombia are outstanding examples. But, there are also cases of dramatic failures—Cochabamba, Bolivia, or Bangladesh’s arsenic crisis. These successes and failures offer a host of lessons for reformers, but one stands out in particular: the success of service delivery depends on whether institutions of service provision are accountable to citizens. The challenge is thus “not to fix the pipes, but to fix the institutions that fix the pipes.”

Institutional changes, which ensure that service providers are accountable to all citizens, are a highly political endeavor. Undertaking such changes on a pilot basis is difficult enough; scaling it up across jurisdictions and sustaining it over time, is a daunting challenge. Yet, it is precisely the scaling up of institutional change that is needed to ensure that the goal of universal access to basic services can be realized. How can governments ensure that all citizens have access—and quickly—to a basic level of water and sanitation services, that these services are provided on a sustainable basis, that service providers respond to a variety of consumer preferences across income levels, and can adapt endogenously to changing circumstances?

The historical experience of three countries—Australia, India, and South Africa—offer important insights into the process of institutional change in service delivery and the challenges of scaling up of service provision. The country settings—demographics, political systems, geographical size, economics, and income levels—are different; but it is precisely this diversity that enables us to draw common lessons and principles from their experiences.

The case of Australia

RESTRUCTURING IN THE AUSTRALIAN WATER SECTOR was initiated in the context of broader economy-wide reforms. Between 1960 and 1992, Australia slipped from being the third richest nation in the world to the fifteenth. This decline drove successive governments in the 1980s and 1990s to initiate wide-ranging economic reforms, including reform of public utilities in the infrastructure sector.

In this context, a compact was signed in the Council of Australian Governments between different tiers of government—the federal tier, the Commonwealth, and the states—to create an economically viable and ecologically sustainable water industry. The states decided to restructure their public agencies in the sector on the basis of agreed upon principles. These included introducing commercially viable and justifiable water pricing; costing and transparency of (cross) subsidies; institutional reforms of public monopolies to achieve separation of key institutional roles—policy, service delivery and regulation; performance monitoring; intensive public consultations and education; and measures related natural resource sustainability, including allocation and trading in water entitlements.

In view of Australia’s federal structure, the actual reform path—the implementation of the principles—was left to the discretion of the states. Different states and territories are introducing the reforms at different rates and in different ways. For examples, some states have viable state-wide utilities, others use local government utilities, some have state wide regulators others rely significantly on performance monitoring, and so on. These differences in implementation approaches reflect the differences in the initial legislative, economic, and political conditions of the separate jurisdictions. But in all cases, the institutional choice adopted by the states is defined by the agreed upon principles.

As an incentive, the Commonwealth makes fiscal payments to the states and territories for achieving the milestones of reform. Although not large—less than one percent of the overall budget of the Commonwealth and states—the fiscal transfers provide sufficient incentive at the margin for the states to stay committed to the reform program. The initial reform timetable was optimistic and underestimated the complexity of the reform program requiring extensive research and analysis for effective implementation, the need for extensive consultative and educative processes and the demand that these reforms placed on governments, institutions, and
stakeholders. But, after more than a decade of sustained institutional reform, Australia’s water sector has become an important model for infrastructure reform.

The case of rural India

Rural India, with 700 million people, is currently undergoing a major reform in its drinking water and sanitation sector. A state subject under India’s Constitution, rural water services have traditionally been provided through state water boards and departments. Water has been treated as a social good by the state agencies, supplied without any user charges or local stakeholder involvement in the delivery process. Top-down in their approach, the boards were proficient at delivering hardware, but less inclined to undertake the operations and maintenance and manage service delivery. This was not surprising, as the boards were underwritten by Central and State budgetary outlays regardless of performance. The bias was for greater spending and often spending captured by political interests.

Drawing on the lessons learned from smaller projects—often financed in partnership with donors—central government in 1999 piloted the Sector Reform Program across all the states covering 70 million people. In the SRP, communities were mobilized through user group committees to determine their choice of service standard and process for managing service provision. Capital costs were shared between central government and communities, but communities were expected to pay fully for operations and maintenance. Water was treated as an economic good—valued for its use—thus increasing accountability to communities and enhancing their sense of ownership.

The SRP experience showed greater sustainability of services and more responsiveness to consumer preferences. But, scaling up of community delivery systems has proven to be a challenge—the problems of managing collective action, capacity constraints, and addressing the political context of existing state agencies are important policy issues that need to be addressed. Increasingly, local governments—panchayats—are being seen as the key link to managing a process of scaling up the SRP.

State governments are now being asked to develop a plan for shifting drinking water services in rural areas to a completely demand-driven, participatory approach where communities and local governments are partners in the provision of drinking water. In the process, states are being asked to redefine the role of the water agencies. The principles are fixed, but the state governments have the full flexibility to develop their individual approaches to implementation. Once endorsed by the political leadership of the states, the plans will form the basis of a Memorandum of Understanding between the state and central government, where the center will support the funding of the MoU against pre-agreed milestones of change proposed by the states. In addition, the center will provide funding for capacity support and clear monitoring and evaluation of the process with the possibility of benchmarking performance of the states.

The transition from state agencies, to community systems, and now to the proposed local government and community management of water and sanitation, reflects changes in the politics of India. While federal in structure—with a central government and several states—India adopted a centralized economic and a political model after independence. Over time, broader economic liberalization and strengthening of the federal system, including the introduction of local governments into the Constitution about a decade ago have changed the overall view of how services should be managed. Water and sanitation will not be an exception to these fundamental changes and success in scaling up service delivery will depend on the political, fiscal, and administrative relationship between the different tiers of governments.

The case of South Africa

South Africa’s water services sector has undergone far-reaching transformation since the advent of democracy in 1994. This transformation process has been underpinned by a strong commitment to eliminate the inequities of South Africa’s apartheid past, but driven by a broader program to decentralize functions and finance to local government.

Although water services are defined as a local government function in the Constitution, the national government initially took the lead in expanding access to services. The Community Water Supply and Sanitation program was developed as a national investment program, implemented directly by the Department of Water Affairs and Forestry (DWAF) or through nationally owned water boards or NGO’s. Initially, in the context of weak local government authorities, community management structures were established—although considerable emphasis was placed on large regional scheme investments.

The restructuring of the local government system through re-demarcation of municipal boundaries and a redefinition of local government functions created a structural conflict between community management structures and elected local government authorities. This occurred at a time of growing concern over the cost and sustainability of the national investment program. A program of fiscal decentralization, which involved the consolidation and decentralization of operating and capital transfers to local government, sought to address these problems through placing accountability for investment decisions with the operating authority and ensuring greater coordination between investment programs of all spheres of government.

Although DWAF has begun to transfer schemes it has built and operated to local government, concerns about their capacity to manage water distribution remain. Recognizing the positive relationship between functional assignments and actual capacity DWAF has responded to the new environment through re-positioning itself as a “developmental regulator” of water services, rather than an investment agent or service provider. This focus on capacity building efforts at local government level includes a policy framework that distinguishes between “authority” and “provider” functions and thus allows local authorities to engage other agencies, whether public or private sectors, to undertake actual provision of services.
under contract to the local authority. DWAF has also placed considerable emphasis on building local planning and infrastructure investment capacity and on developing effective monitoring and evaluation systems.

Some Lessons

ACCOUNTABILITY TO CLIENTS is at the heart of successful service provision. How to expand this relationship of accountability across the sector is central to the challenge of scaling up drinking water services. How can this be brought about? Australia, India and South Africa offer many lessons.

To begin with, scaling up of services is a political process. In Australia the broader forces of liberalization started it; in India it is the gradual opening up of the economy and the democratic forces of federalism; and in South Africa it was the end of apartheid and the emergence of a completely new democratic setting. These changes are complex and take time. None were big bang approaches to service reform and none saw the politics of reform in the water and sanitation sector come from within the sector.

Where the politics are not conducive to scaling up reforms, innovative pilots may have a demonstration role to play. But as the case of SRP in India suggests, scaling up pilots is not simply a replication of the pilots themselves. While pilots suggest important principles, the wider implementation of the principles may require a very different approach, as exemplified by the shift from SRP to a MoU between different tiers of government—similar to Australia’s federal-state compact.

In all countries, valuing water as an economic good and introducing some level of user charges were essential to getting providers to become more accountable to consumers—rich and poor alike. This may well be a sine qua non of achieving universal services. Once the value of water is reflected in the transaction, allowing choices about standards and service delivery organization to be dictated by local preferences of communities becomes essential.

Separation of roles is also an essential element of the reform process. Within the sector, the policy making, regulatory, and service provision functions need to be kept in separate organizations and processes. Equally important, separating the powers and roles of different tiers of government is essential to enable the center to play a role of providing incentives for change. But this requires that the fiscal rules of the game between different tiers of government are clear and binding. In Australia, and increasingly South Africa, this is the case. In India, the reforms of rural drinking water may well be delayed because the rules of India’s fiscal federalism are still in a state of flux. Importantly, the evolution of multi-tiered governments may well facilitate the separation of policymaking from regulation and service provision, which is essential to the sector—the two processes are interlinked.

With the separation of roles emerges the potential for independent benchmarking of providers and tiers of government responsible for service delivery. In effect, information becomes an important tool for catalyzing and sustaining reforms, and one, which is being widely used in Australia and increasingly in the other countries.

Finally, reforms require mobilization of citizens and capacity support to governments and communities to understand and undertake the changes. Central governments can play a proactive role in designing such systems of capacity support. But the lesson is clear: such support is best delivered in the context of on-going reforms.

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WHAT IS THE MOST EFFECTIVE WAY to increase girls’ participation in school? How can we reduce the high absence rates of teachers in many developing countries? We know surprisingly little about these questions, but finding answers is crucial to improving the quality of education in developing countries and the effectiveness of aid. Every year, millions of dollars are spent on evaluating development programs but these evaluations tend to focus on process: did the money go where it was meant to? How many teachers attended training courses? How many textbooks were delivered to schools? While tracking performance at this level is important, we should also be evaluating programs at a more fundamental level to find out whether, for example, training teachers or buying textbooks does more to raise test scores.

These fundamental questions, however, are hard to answer. Imagine, for example, that a new headmaster arrives at a school full of enthusiasm and new ideas. He wants to get the parents involved and sets up a parent committee. Word spreads that the new headmaster is good, and some children transfer into the school from other local schools. If an attempt were made to evaluate the impact of the parents’ committee, it would be extremely difficult to disentangle the effects of the parents’ committee, the impact of the headmaster’s enthusiasm on the other teachers in school, and the influx of new students who might be more motivated than average.

The cleanest and clearest way to establish how a program would work in an average school is to run a randomized trial. Choose 100 representative schools, initially establish a parents’ committee in half, phase in the program later in the other half, and in the meantime compare the outcomes in the two groups of schools. This approach, however, requires that evaluation be built into the design of the original program and that data be collected on all 100 schools, which can be expensive. However, this is what we do if we want to know whether a drug or vaccine is effective, and new research is showing this technique can teach us a lot about development.

Having strong evidence about what works is important for many reasons. Non-governmental organizations (NGOs) and governments can use this evidence to focus their limited budgets on those programs that are most effective. With widespread cynicism about the effectiveness of aid, providing clear evidence on the impact of different programs can also help galvanize support for more development assistance.

Improving access to social services: the example of school participation

THE MILLENNIUM DEVELOPMENT GOALS call for universal primary school enrollment by 2015. However, until recently there were no good assessments of how best to achieve increased participation in education or how much it would cost.

Recent research suggests that a simple means of increasing school participation is by reducing the costs of schooling, or even paying for attendance. The PROGRESA program in Mexico provided cash grants to families if their children attended school regularly and received preventative health care like vaccinations. Schultz (forthcoming) takes advantage of the fact that the program was phased-in in different areas randomly to assess its effectiveness. He finds an average increase in enrollment of 3.4 percent for all students in grades 1 through 8, and 14.8 percent among girls who had completed grade 6. In part because the randomized phase-in of the program made the benefits so clear, the Mexican government expanded the program, and similar programs are now being introduced elsewhere in Latin America.

Randomized evaluations performed in the same setting provide an opportunity to compare the cost effectiveness of various interventions. A series of evaluations in Kenya is a good example which provides comparative costs of different ways to increase school attendance. The most cost-effective approach was to implement a twice-yearly school-based mass treatment with an inexpensive deworming drug. As the children’s health improved, so did their attendance, and it cost only $3.50 per additional year of schooling induced (Miguel and Kremer 2004). Providing school meals to pre-schoolers cost an average of $36 per additional year of schooling induced, and also improved test scores in schools where
teachers were well-trained prior to the program (Vermeersch 2002). In contrast, even under optimistic assumptions, a program which provided free school uniforms (among other inputs) cost $99 per additional year of schooling induced (Kremer and others 2003).

Overall, these results suggest that school participation is quite elastic to cost and that school health programs may be one of the most cost-effective ways of increasing school participation. Is access to health care similarly elastic to cost? We will only know for sure when we have conducted a randomized evaluation of the policy.

Improving the quality of social services

While these results show that improving access to social services is relatively easy, other evaluations have shown that improving the quality of education is more difficult. Non-randomized evaluations suggest that providing additional inputs (such as textbooks or flipcharts) to under-resourced schools can improve learning and test scores (Glewwe and others 2002; Glewwe and others, forthcoming). However, results from a randomized evaluation point to a subtler picture: provision of textbooks increased test scores only among students who had scored in the top 40 percent on pre-tests prior to the program, and did not affect scores for the bottom 60 percent of students. Flipcharts had no impact on test scores. This result shows how misleading the results of non-randomized evaluations can be when, for example, inputs are more available in richer schools (as was the case with flipcharts in this study).

It would be wrong to conclude from these studies that providing inputs is necessarily ineffective. Banerjee and others (2002) conducted a randomized evaluation of a remedial education program run by an Indian NGO. The program hired
young local women from the communities to provide remedial education to students who were identified as lagging behind in traditional classes, and was found to have substantial positive impacts on learning, particularly for the weakest students. On average, student test scores increased by 0.39 standard deviations, and gains for the bottom third of students were 0.6 standard deviations, a very large impact. The program was shown to be at least 6 times more cost-effective than computer-assisted learning implemented (and evaluated) in the same schools.

These studies show that intuition about what works and what does not can be misleading. Substantial amount of money can be saved by finding out which inputs work and which do not.

Improving governance

One of the reasons why providing more inputs is not always effective is that social service delivery in developing countries is plagued by high absence rates and low effectiveness. If teachers don’t show up to school, the benefit of more textbooks may be limited to the few who can read well at the start. How to reform the governance of social services, however, is a complicated and hotly debated question. Several recent studies involving randomized evaluations shed light on policies such as school reform, decentralization, and incentives.

A Colombian program provided vouchers for private schools through a random lottery (due to budgetary constraints), which thus allowed for credible estimates of program impact (Angrist and others 2002). Lottery winners were 15-20 percent more likely to attend private school, 10 percent more likely to complete 8th grade, and scored the equivalent of a full grade level higher on standardized tests (note that the vouchers were renewable, conditional on satisfactory academic performance). The effects of the program were larger for girls than for boys. Winners were substantially more likely to graduate from high school and scored higher on high school completion or college entrance exams. Overall, the benefits of this program to participants clearly exceeded the additional cost relative to the alternative of providing places in public schools.

In India, an important effort to decentralize social service delivery started in the mid-1990s. Local village councils, elected every five years, have the power to decide how to allocate expenditure on local public goods. The constitutional amendment that set up this program also required that one-third of all positions be reserved for women, and that a share equal to the representation of disadvantaged minorities (scheduled castes and scheduled tribes) be reserved for these minorities. To avoid any possible manipulation, the reserved positions were randomly allocated, allowing for a clear evaluation of the program. Chattopadhyay and Duflo (forthcoming) find that in villages reserved for women, the public goods chosen better reflect women’s needs, and in villages reserved for the scheduled castes, a larger fraction of the public goods is allocated in the scheduled caste hamlet.

Conclusion

The results described above offer both substantive and methodological lessons. Inexpensive health programs, reducing the cost of schooling to households, or providing meals can substantially increase school participation. Given the existing governance problems in many developing countries, simply providing more resources may have a limited impact on social service quality, unless the resources are carefully allocated. Systemic reforms (such as school choice, or decentralization and involvement in decision making by disadvantaged groups) have important impacts.

These results also show that randomized evaluations of policy programs can be implemented successfully. They can take place in the context of small NGO or pilot programs, lotteries, or where a policy is phased-in over time. The results can be in sharp contrast to conventional wisdom and the results of more traditional evaluations.

Finally, good evaluation promotes good policy. The positive results found through the rigorous evaluation of the PROGRESA program led to the implementation of similar programs in other Latin American countries. The NGOs that have participated in the evaluations discussed in this article have used the results to focus their resources where they are most effective.

Creating a culture in which rigorous randomized evaluations are promoted, encouraged, and financed has the potential to revolutionize social policy during the 21st century, just as randomized trials revolutionized medicine during the 20th.

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be strengthened by increasing the client’s purchasing power. This measure in itself may lead to a service that offers only the components clients want to buy.

Private provision for one disease, such as AIDS, in a system with largely public provision for other diseases will also require careful monitoring to avoid major inefficiencies and imbalances in investments (infrastructure and technology) and skilled personnel.

**Conclusion**

The Service Delivery Triangle presented in the 2004 WDR does not offer solutions to the many specific challenges of the AIDS response, but helps clarify them and link them to options for general service provision. The role of the policymakers, politicians and the state in setting out an enabling policy framework is essential, also for the AIDS response. The need for corrective measures and watch through client and community mechanisms that can guide choices on the basis of quality and the common good is strengthened in the context of AIDS. AIDS adds challenges to transparent priority setting and makes it harder for clients to hold providers’ and policymakers accountable. But it also has the potential for directing policymakers’ and providers’ attention to the need for becoming more responsive to demand and overcoming barriers to access. In this way the AIDS response offers opportunities for new solutions and new alignment of interests to promote better accountability and service delivery.

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Aid Agencies and Aid Effectiveness

BY BERTIN MARTENS

AID EFFECTIVENESS IS OFTEN LOOKED AT from the point of view of performance in the recipient country: are programme objectives achieved in a sustainable manner, have policy reforms been implemented, and do they produce results in terms of economic growth and poverty reduction? This view is biased in the sense that it clears the aid suppliers of all responsibility and puts the burden of effectiveness squarely on the recipient. It is also simplistic because it assumes that the sole objective of all individuals and organizations involved in the aid delivery process is the realisation of the program objectives. While some of these may identify closely with the stated program objectives, others may pursue different objectives. Commercial suppliers and consultants pursue profit motives. Academic experts pursue their academic interests. Political decision-makers aim for political success, and civil servants seek to advance their careers. This article presents an approach to aid effectiveness that takes into account an array of different motives. It aims to highlight some of the structural and organizational problems that occur in the aid delivery process and affect aid effectiveness.

A broken feedback loop

WHEN A SUPERMARKET ADVERTISES “we aim to serve you,” the shopper knows that it really aims to maximize profits and returns for its shareholders. But she also knows that, to achieve its aims, the supermarket will make efforts to keep her satisfied and deliver the products and services that she wants. The shopper pays for these products, and that gives her leverage over the supermarket. In
MODERN ORGANIZATION THEORY can help us understand the aid delivery process and aid effectiveness. It looks at large-scale organizations that are composed of individuals who are linked through hierarchies and specialize in specific sets of tasks. Typically, a “principal” delegates tasks to an “agent.” The agent carries out the task in return for a reward (a salary or the prospect of a promotion). Because of delegation of tasks and specialization between individuals, no single individual has full information on all tasks. Information is asymmetrically distributed in organizations. This gives rise to two potential problems. First, the agent charged with a task may use his privileged information on all tasks. Information is asymmetrically distributed in organizations. This gives rise to two potential problems. First, the agent charged with a task may use his privileged information for his own benefit, and not necessarily to the full benefit of the principal. This is called moral hazard. Second, the principal may not receive all information that is relevant to his decision to delegate a task. As a result, he may take a sub-optimal decision. This is called adverse selection. Moral hazard and adverse selection are inherent in large-scale organizations. However, the magnitude of these potential problems can be reduced through good organizational design: providing agents with incentives to reveal relevant information. Increasing the size of the reward is usually not a solution. Increasing the visibility of agents’ performance or putting them in competition with each other may be more effective.

The aid delivery chain usually contains many pairs of principal-agent relationships. Donor-taxpayers delegate decisions to elected politicians. Politicians delegate implementation to an (bilateral or multilateral) aid agency. Within an aid agency, several layers of hierarchy and delegation of tasks exist. Agencies often hire commercial suppliers, consultants, and experts to implement specific tasks. These contractors deliver their products to recipient country organizations and agencies, also with their own internal chain of hierarchical delegation of tasks. The ultimate beneficiaries often find themselves at the end of a long chain of intermediaries. Each of these intermediaries may benefit from asymmetric information to advance his position. It is easier for principals to verify the quantity and quality of tangible outputs delivered by their agents, such as roads built, than for less tangible outputs, such as institutional reforms. Also, it is generally easier to verify project inputs than outputs and impact. The longer is the aid delivery chain, and the less tangible the outputs, the higher is the risk of diversion from the original aid objectives.

Why not shorten the aid delivery chain?

IF THE LENGTH OF THE AID DELIVERY CHAIN is part of the effectiveness problem, why not shorten it? One extreme solution would be to cut the entire chain and transfer aid directly from donors to recipients. But this would run into transaction cost problems. Donors would have to spend considerable resources on identifying potential recipients, assessing their needs and delivering the funds. Aid agencies benefit from economies of scale in information gathering about potential recipients and handling of transfers on behalf of donors—they reduce transaction costs. However, if that would be the only role of aid agencies, we could still do with a very short chain of delivery. The finance ministries of donor countries could simply send a cheque with the agreed amount of aid to their counterparts in recipient countries. In reality, aid is not transferred as a “free” amount of money. It comes with an elaborate set of constraints attached to it. Donor agency and recipient organization need to agree on programmes, including objectives, implementation arrangements, procurement procedures, and accounting. Often, aid agencies even carry out the projects themselves. In short, what aid agencies do is to reduce the degrees of freedom in the use of aid by the recipient.

Why would donors want to do that? If donors and recipients fully shared the same objectives and preferences in spending aid, there would be no need to do so. Donors would confidently hand over full and unconstrained ownership of aid to the recipients and the latter would spend the funds in the same way, as the donors would have done. The fact that aid is not transferred in this way indicates that donors and recipients have different preferences. Donors may seek commercial gains (tied aid) or have different views on policy reforms in the recipient country. Recipient organizations may have hidden political objectives, or face policy constraints. The role of aid agencies as intermediaries is to negotiate a compromise.
between donors and recipients regarding the constraints and conditions to be attached to the aid transfer. That explains why they “package” aid transfers in an elaborate set of procedures rather than simply carry out a financial transfer. It sustains domestic political support for aid in the donor country: donors-taxpayers feel that their preferences in the spending of aid are taken into account. The need to package aid also implies that full ownership by the recipient cannot be achieved. Aid remains a compromise.

The situation is somewhat different for multilateral aid agencies. Bilateral agencies usually spend taxpayers’ money, and are therefore subject to close supervision by taxpayers’ political representatives. Domestic political concerns will influence decisions. To the extent that multilateral agencies spend loans rather than tax revenue (grants), they can take somewhat more distance from these concerns. To the extent that beneficiary countries are effectively represented in their decision-making process, the broken feedback loop that is so typical in bilateral aid may be somewhat restored.

It takes two to aid effectiveness

All the above has implications for the effectiveness of aid. First, effectiveness is not only determined by the behaviour of recipient countries and organizations. It depends on the performance of intermediaries in the aid delivery process and the degree of asymmetry in information between these intermediaries. Good organizational design can go a long way towards avoiding these problems, by providing intermediaries with proper incentives to do what is expected of them. Second, there are inherent structural limits to effectiveness, if only because of the broken feedback loop and differences in preferences between donors and recipients. Any aid package necessarily constitutes a compromise between these diverging preferences. The ideal of a fully unconstrained aid transfer is generally out of reach. Third, it is difficult to define a good measure of aid effectiveness. If effectiveness is measured solely in terms of recipient country objectives and preferences, and if aid agencies focus overwhelmingly on these, they will neglect donor preferences and thereby may reduce donor support for aid flows. If supermarkets would really “aim to serve you”, at the expense of their profit objective, they would simply go bankrupt and disappear.

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A Call for More Community-Driven and Integrated Approaches

BY PATTI PETESCH

IN THE SUMMER OF 2002, a new Voices of the Poor study engaged 942 poor women and men of Colombia in discussions about urgent problems facing their families and communities. Despite the wider political violence, a significant finding from this work is poor people’s very widespread view that more cohesive and stronger families and local organizations are the bedrock to greater peace and development where they live. Study participants also insisted that much could be gained from tackling their problems with more comprehensive approaches.

“I believe that if we have a good community organization, things will improve and we will deal with issues and we will all benefit, without excluding anyone,” said a man from a poor coastal fishing community. “Here, we fish and we’re organized, [so] we can have cold storing rooms, marketing channels, and transformation activities, and [we can] begin saving and have a permanent income to improve the condition of our families.”

A focus on local organizations and cross-cutting strategies were also central features of proposals to reduce violence and prepare youth for a better future as well as to improve economic opportunities.

Problems: Severe and interlocking hardships

IN BOTH URBAN AND RURAL AREAS, the men and women who participated in the study report that employment opportunities have deteriorated markedly in recent years, and they rely largely on insecure and very low paid informal work. Lack of adequate work is the most pressing problem, they say, fueling fear and insecurity in homes and on the streets.

With informal work largely replacing formal employment, people struggle to be creative and entrepreneurial, but say there are few rewards. Workers in the urban barrios consider Col$10,000 a day (less than US$4) to be a good wage; Col$5,000 or less is not unusual. A woman from Medellin describes the scramble to patch together enough earnings: “People seek a means to earn any cent: selling tamales, blood sausages, performing housekeeping jobs by the day, selling newspapers and handicrafts. I, for example, go out to the streets on holidays trying to sell anything I can. But things have become much worse. It’s terrible when you work so hard and earn less than before…You feel despair, because no matter how stupid you are, you can see that something is happening and someone should be found guilty for it.”

Study participants view the political violence and associated drug and arms trade as fueling unemployment and insecure jobs and commerce. The violence is said to trigger unreliable or missing government services; growing juvenile delinquency, gang violence and neighborhood crime; vigilante justice; and a cascade of other harmful political, social, and economic effects.

With very high frequency, poor men and women say youths are the principal perpetrators and victims of the rising violence. In all of the study communities, people stress that a large number of poor children and youths are working instead of attending school, leading to very high rates of school drop out and erratic attendance among those who remain in school. Poor people and youths also share concerns about children’s extreme vulnerability to violence by family members or to being abandoned to be “raised by the streets.”

Schools are seen to be failing poor children and youths. While education is deeply valued as a way out of poverty, poor people indicate that available schooling and training opportunities are not equipping students with the skills required by the labor market. Participants express dissatisfaction with the quality of instruction; overcrowded classes, high costs associated
with keeping a child in school, restricted access to education beyond primary years, and selected problems of discrimination and abuse in the classroom. These problems, combined with the difficult economy and lure of fast money to be made on the streets, especially drive youths to drop out. But teen pregnancy as well as high costs and limited benefits of staying in school also contribute.

The diverse and numerous challenges to educating children faced by communities engaged in this study are summarized in Figure 1, a diagram by a discussion group of men and women in Medellín on the causes and impacts of school drop out. Taken as a whole, the diagram illustrates that poor people do not see education merely through a sectoral lens. Rather, they view education as part of a wider set of problems that, without systemic change, hampers their capacity to take control of their lives, to develop and prosper.

People in the study feel the state has abandoned them, leaving them defenseless against key threats to their wellbeing—especially the total lack of public safety and justice, but also increasing hunger, poor work opportunities, and the deep vulnerability of poor children and youths. In nine of the ten communities studied, and particularly in the urban areas, people identify a chronic lack of social cohesion in the very heart of their communities as undermining their ability to address urgent local needs. In all six urban neighborhoods, people report physical and verbal aggression among neighbors, and against those who are community authorities, as a daily occurrence.

Proposals: Strengthen capacities and institutions

For this study, poor people put forward 252 proposals of varying length and detail to expand work opportunities, reduce violence, and improve education in their communities. The action recommendations reflect poor people’s sense that these problems are tightly connected, and that progress will have to be made simultaneously on all three fronts if any is to be made at all. Households are seen to be the critical arenas in which development problems begin and then spread, and responsive and effective local institutions are terribly important if poor families and communities are to become more harmonious, secure and prosperous.

A discussion group of women and men in a barrio of Pasto, which lies in the south of Colombia and contains large displaced populations, developed an initiative to address household-level violence, as shown in Figure 2. Their proposal centers on making psychological assistance available to family members. The measure would, they believe, help people recover moral qualities that families used to possess before violence was pervasive. Even if offered, however, study participants recognize that many obstacles will have to be overcome before people will be able to take advantage of the services. For example, there is shame in seeking such help, people lack time, many feel indifferent in the face of so many problems, and there is little communication between parents and children.

In Cali, study participants propose the establishment of an integrated program of family support services provided by a single local agency to address pressing problems relating to service delivery, political interference in projects, insecurity, discord among leaders, discrimination, and lack of resources. In their view, a focus on providing these services to families would help to make community interests and cohesion a priority, and push community leaders to work together and support decisions based on objective criteria, among other benefits.

Proposals on education span diverse approaches that would improve access to quality education, and especially its relevance to work and family life. Study participants make recommendations for an education that is comprehensive, affordable, and practical—and that will keep children and youths from the streets. Cali youths developed a youth training proposal to build skills in such areas as “electricity, refrigeration, and leather work,” as illustrated in Figure 2. According to these youths, and many others in
the study, work-related training might help to pry apart the interlocking disadvantages of unemployment, community violence, and low education levels.

Proposals to improve work prospects also emphasize a need to build “good organizations” that can help people find or generate work or improve the work they have. In the sharecropping community of Girón, study participants propose to create a farmer association to market their produce independently of intermediaries. Participants in Barrancabermeja put forward recommendations to form a cooperative to produce and market detergent and textile items. In the Cauca community, participants plan to market organic coffee internationally. In Medellín, women propose to create an association of single mothers for domestic and cleaning work.

The overwhelming perception about the importance of local organization is a striking finding from a country torn apart by violence. “Individually we have achieved nothing … however, if we organize ourselves we can do it,” insists a community leader in rural Girón.

Aligning development efforts with such priorities will require important redirections of development policies and programs to support more community-driven approaches and to meet the needs of poor families in comprehensive ways. Poor people worldwide repeatedly demonstrate that they are willing to invest their scarce time in guiding and overseeing development processes if they feel these actions can bring about positive change. The challenge then becomes one of unleashing such energies systematically. While people’s aspirations may be most operative at the micro level, they nevertheless require enabling policy frameworks and institutional structures at the macro level. It is precisely within these critical national policy arenas, however, where poor people’s voices are the least heard. This must change.

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PUBLIC SERVICES RESEARCH website profiles research-in-progress and related outputs on public service delivery in the Development Research Group of The World Bank. This work is organized around three sub-topics: a) education; b) health, nutrition, and population; and c) impact evaluation, finance, and public policy. Each sub-topic has a document library with links to the research outputs, survey questionnaire, and other resources. Visit: www.publicspending.org

WORLD DEVELOPMENT REPORT 2004 can be accessed through this web site. The report provides powerful examples of where services can do work, showing how governments and citizens can do better. The main difference between success and failure is the degree to which poor people themselves are involved in determining the quality and the quantity of the services, which they receive. The site includes: full text, background papers, consultations, core team, archived e-discussions, related resources, and order information. Visit: http://econ.worldbank.org/wdr/wdr2004/

POVERTY ACTION LAB, housed at the Massachusetts Institute of Technology serves as a focal point for development and poverty research based on randomized trials. The objective is to improve the effectiveness of poverty programs by providing policy makers with scientific results that help shape policies to combat poverty. The Lab works with NGOs, international organizations, and others to evaluate programs and disseminate the results. It works on issues as diverse as boosting girls’ attendance at school, improving the output of farmers in sub-Saharan Africa, racial bias in employment in the US, and the role of women political leaders in India. Visit: www.povertyactionlab.com

CESI, the World Bank Institute’s Community Empowerment & Social Inclusion learning program, works to help create the conditions that enable the poor and the excluded to shape their own development. The program looks at the issues of empowerment and governance, thus making the crucial link to strengthen the voices of the poor in influencing public policies, as well as in making institutions more accountable and responsive to their needs. Visit: www.worldbank.org/wbi/communityempowerment

POVERTYNET site is maintained by the Poverty Reduction Group, part of the Poverty Reduction and Economic Management Network at the World Bank. The sites highlights several topics and programs: Social Capital for Development—norms and networks that enable collective action; Understanding Poverty—how poverty can be defined, measured, and studied through a variety of indicators; Understanding Impact Evaluation—information and resources for people and organizations working to assess and improve the effectiveness of interventions aimed at reducing poverty; and others. Subscription to PovertyNet Newsletter is available through the site. Visit: www.worldbank.org/poverty

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This book tells the fascinating stories of a number of social entrepreneurs, creative individuals who question the status quo and exploit new opportunities to remake the world. From Brazil to Hungary, South Africa, and the USA, the fastest-growing segment of society is the nonprofit sector, as millions of social entrepreneurs are increasingly stepping in to solve problems where governments and bureaucracies have failed. Bornstein shows that with determination and innovation, even a single person can make a surprising difference. The book is both inspirational and a source of practical ideas whose time has come.


Paul Farmer, a physician and anthropologist with twenty years of experience working in Haiti, Peru, and Russia, argues that promoting the social and economic rights of the world’s poor is the most important human rights struggle of our times. The author exposes the relationships between political and economic injustice, on one hand, and the suffering and illness of the powerless, on the other. Farmer’s urgent plea to think about human rights in the context of global public health and to consider critical issues of quality and access for the world’s poor should be of fundamental concern to everyone interested in development.


The world-famous Peruvian economist Hernando de Soto finds that economic success is not determined by cultural differences but depends on the legal structure of property and property rights. Every developed nation in the world went through the transformation from predominantly informal, extralegal ownership to a formal, unified legal property system. This system is what allowed people everywhere to leverage property into wealth. This book revolutionizes our understanding of capital and points the way to a major transformation of the world economy.


This new World Bank report warns that developing countries will have little success boosting economic growth and reducing poverty unless they can close a growing knowledge, or education, divide between themselves and richer countries. Investing in quality lifelong learning, the report says, can help to close this gap by promoting economic vitality, reducing poverty, and encouraging open and cohesive societies. In a global economy which becomes faster and more powerful every year, lifelong learning allows people to prosper. This book is a roadmap for policymakers who wish to know more about the key issues and challenges of education in a knowledge economy.


This book deals with effectiveness of foreign aid from a new perspective and analyzes how results can be improved. It claims that the results of aid are not solely a function of recipient country policies but also of the policies and actions related to the aid donors and their intermediaries. By pointing to the various agency problems that may arise throughout the chain of the aid delivery process, the book also clearly shows that improving aid performance is far from simple. It explains why development banks are different from grant-based donor agencies, or why bilateral aid is different from multilateral. This book provides a fresh new look at foreign aid and aid agencies that deliver it. It is useful to donors and recipient policymakers alike.
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