Introduction

Children going to school and learning, parents taking their children for regular health visits, the sick receiving proper and timely health care, safe water flowing out of the tap, reliable electricity supplies—these apparently simple events are taken for granted in developed countries. However, in most of Latin America (as in most developing countries), only the privileged have reliable and quality access to such services, and they often achieve this by using high-cost private solutions. The poor and many of the middle classes suffer low quality services, and, in the poorer countries and regions, often no service at all. How come? While technical difficulties may still be a binding constraint for some sophisticated services, they are clearly not a bottleneck for the most essential ones; it is not primarily a technical problem when children systematically fail to learn to read and write or a community does not receive reliable supplies of safe drinking water.

This report seeks to answer this question. In so doing, it aims to provide guidance as well to policy makers and development practitioners on how to shape public action to get better quality services for all. This challenge is both a widespread political demand throughout the region and central to the realization of the Millennium Development Goals (MDGs). This report’s major theme is that to understand questions of service access and quality, we need to examine people’s behaviors, from teachers to administrators, politicians, and rich and poor citizens. The big issue is whether those responsible for designing and delivering services are accountable to the citizens who are demanding the services—and also paying the taxes and fees that finance services. This is fundamentally about relationships between groups of people. But these relationships are embedded in formal and informal institutional structures. Influence patterns on service delivery can work through two broad pathways: first, what is termed the “long route” from citizens to politicians to service delivery agencies to service providers; and second, the “short route” of direct interactions between individuals, communities, and front-line workers. These considerations apply to some degree to all public action areas—from macroeconomic policy to policing. But they are particularly important to service delivery areas that involve intensive transactions and discretionary behavior of providers—features typical of the full panoply of basic services that are central to the lives of citizens, from schooling to water supply.

In this introduction we outline service delivery progress and introduce the prism through which we believe service delivery should be interpreted, particularly in the Latin American political and institutional context. We then provide an interpretation of how this context can help understand the current state of service delivery and sketch the public action implications. The ideas and results are developed at greater length in the body of the report.

Service Delivery Progress
Latin America’s political and economic history is associated with a tradition of unequal service delivery, with the poor typically suffering from a severe lack of decent quality services. Conditions have been better in the relatively richer societies, notably in the Southern Cone and to a certain extent in Mexico. They are typically worse in poorer and more socially fractured societies, such as Bolivia and Guatemala. They
are worst in Haiti, the region’s poorest and institutionally weakest society. In particular, the 1980s debt crisis hurt progress in public provisioning in most countries in the region.

However, there has been significant progress in the past decade or so; chapter 2 reviews this progress. Progress is most clearly seen in service coverage, notably in education, health, and basic infrastructure water and electricity services. These gains were associated with expanded public spending for social services.

CEPAL [Comisión Económica para América Latina y el Caribe (Economic Commission for Latin America and the Caribbean)] (2001) estimates that during the 1990s, total per capita social spending increased by about 50 percent, if pensions are included, and 30 percent if they are not. By contrast, during the same period, public infrastructure services expenditures fell from 1.2 percent of GDP to 0.6 percent of GDP, declines that were offset by surging private investment in the middle of the decade, but not since.

In the poorer countries, an important agenda of increased coverage remains. To varying degrees, all countries suffer problems of both inequality and quality. With respect to inequality, in Mexico, the average person in the bottom quintile of the income distribution has 3.5 years of schooling, compared with 11.6 years for a person in the top quintile. In Brazil, a child born to a household in the poorest 20 percent of the distribution is three times as likely to die before reaching the age of five as a child born into a household in the top fifth. A Guatemalan family whose income is in the bottom 20 percent of the distribution has a 57 percent chance of being connected to the water mains and a 49 percent probability of having access to electricity, while a household in the top 20 percent of the distribution enjoys rates of 92 and 93 percent, respectively. Throughout the region, the bulk of social protection spending goes to formal social security systems that primarily benefit those in the upper part of the income distribution. Such inequalities are particularly noteworthy between indigenous and nonindigenous people across Latin America (Hall and Patrinos, forthcoming) and between Afro-Latinos and others.

With respect to quality, the education sector has specific evidence of low test scores at least relative to countries of the Organisation for Economic Co-operation and Development (OECD). There are widespread reports of dissatisfaction with service delivery, especially from the poor, notably from country studies in the region on the Voices of the Poor (Chambers et al. 2000).

To interpret the Latin American experience, this report builds on the framework developed in the 2004 World Development Report (WDR). The WDR sought answers for observed service delivery failures worldwide. It developed a framework that emphasizes people’s behavior within the chain of interactions from demands of citizens to actual service delivery—whether this is by public, private, or nongovernmental organizations (NGOs). For example, for children to learn how to write, there needs to be some type of school, the children need to show up and be paid, and the teachers need to have the skills, resources, and motivation required to genuinely teach. Behind this there are a whole set of interactions from policy and budgetary decisions, through the performance of ministries of education to recruitment and the influence of mayors and communities. When any link in the chain breaks (i.e., children do not come to school, the teacher is not present, there are no inputs, and so on), the entire process may fail. Whether a system works depends on how responsibilities are assigned, what capabilities those in charge actually have, what accountability mechanisms exist for those in charge, and what incentives are in place to make the accountability mechanisms effective in practice. All these factors tend to be deeply embedded in social and political relations.

The WDR conceptualized an approach that focuses on accountability mechanisms and power relations between policy makers, providers, and citizens/users. The approach emphasizes the role of three such relationships:
1. The “political voice” of different citizen groups over policy makers in shaping policy design;
2. The “compact” between policy makers and service providers, whether they be public, private, or nongovernmental; and
3. The “client power” (either through the exercise of a more direct form of voice or through choice) of citizens vis-à-vis the service providers.

Figure 1.1 illustrates these relationships, and box 1.1 provides a glossary of terms relevant to this framework.

Within such a framework there are two influence pathways for service delivery for the poor (or nonpoor). The so-called “long route” involves the influence of citizens on service delivery actors with five features: the understanding that a service or goods embodying a service will be supplied (delegating); paying for the service (financing); supplying the service (performing); obtaining relevant information and evaluating performance against expectations; and being able to impose sanctions for inappropriate performance or provide rewards for appropriate performance (enforcing).

**Client power:** The accountability relationship connecting clients to the front-line service providers, usually at the point of service delivery, based on interactions through which clients monitor suppliers and express their service demands.

**Clients/citizens:** Citizens participate in political processes to shape and attain goals. Clients receive services to satisfy their household demands. Individuals can act as both clients and citizens.

**Clientelism:** The tendency of politicians as patrons to respond to political competition by excessively favoring one group of clients over another in return for a political advantage. Politicians often practice clientelism by providing narrow supporter groups with free public services or public employment.

**Compacts:** The broad, long-term accountability relationship that connects policy makers to organizational providers. This relationship can, but need not, take the form of a contract.

**Long and short routes of accountability:** Clients may hold service providers accountable for performance in two ways. First, the short route connects clients and providers directly. When such direct client power is weak or not possible to use, clients must use voice and voting as citizens to hold politicians accountable. In turn, politicians and policy makers must use their compacts with service providers to hold those providers accountable. The long route of accountability combines the actions of clients pressuring politicians and policy makers/politicians pressuring providers.

**Organizational providers:** Public, private, and nonprofit entities that provide services. These can range from a government ministry with thousands of employees to a community-run school serving a village.

**Politicians and policy makers:** The service delivery actors that discharge the state’s legislative and regulatory responsibilities. Politicians may be elected or may reach their positions through undemocratic means. They can also be policy makers—for example, a general who is president, but also runs the military. Policy makers are more commonly the highest unelected officials, either from the civil service or appointed. Politicians set the general policy direction, while policy makers implement those directions and also set and enforce the conditions under which service providers operate. Accountability subrelationships between politicians and policy makers are usually derived from the constitution or administrative law.

**Service delivery framework or chain:** The four service-related actors—citizens/clients, politicians/policy makers, organizational providers, and front-line professionals—and the four relationships of accountability that connect them:

- **Voice and politics:** Connects citizens and politicians.
- **Compacts:** Connects politicians/policy makers and providers.
- **Management:** Connects provider organizations with front-line professionals.
- **Client power:** Connects clients with providers.

**Voice and politics:** This is the most complex accountability relationship. It connects citizens and politicians and includes formal and informal processes such as voting, electoral politics, lobbying, propaganda, patronage, clientelism, media activities, information access, and others. Citizens delegate to politicians the functions of serving citizen interests and financing government through taxes. Politicians perform by providing services. Citizens enforce accountability through the short and long routes discussed above.

---

**Box 1.1**

**A Glossary of Terms for a Service Delivery Accountability Framework**

**Actors:** Individuals, households, communities, firms, governments, and other public or nongovernmental organizations that finance, produce, regulate, deliver, or consume services.

**Accountability:** A set of relationships among service delivery actors with five features: the understanding that a service or goods embodying a service will be supplied (delegating); paying for the service (financing); supplying the service (performing); obtaining relevant information and evaluating performance against expectations; and being able to impose sanctions for inappropriate performance or provide rewards for appropriate performance (enforcing).

**Client power:** The accountability relationship connecting clients to the front-line service providers, usually at the point of service delivery, based on interactions through which clients monitor suppliers and express their service demands.

**Clients/citizens:** Citizens participate in political processes to shape and attain goals. Clients receive services to satisfy their household demands. Individuals can act as both clients and citizens.

**Clientelism:** The tendency of politicians as patrons to respond to political competition by excessively favoring one group of clients over another in return for a political advantage. Politicians often practice clientelism by providing narrow supporter groups with free public services or public employment.

**Compacts:** The broad, long-term accountability relationship that connects policy makers to organizational providers. This relationship can, but need not, take the form of a contract.

**Long and short routes of accountability:** Clients may hold service providers accountable for performance in two ways. First, the short route connects clients and providers directly. When such direct client power is weak or not possible to use, clients must use voice and voting as citizens to hold politicians accountable. In turn, politicians and policy makers must use their compacts with service providers to hold those providers accountable. The long route of accountability combines the actions of clients pressuring politicians and policy makers/politicians pressuring providers.

**Organizational providers:** Public, private, and nonprofit entities that provide services. These can range from a government ministry with thousands of employees to a community-run school serving a village.

**Politicians and policy makers:** The service delivery actors that discharge the state’s legislative and regulatory responsibilities. Politicians may be elected or may reach their positions through undemocratic means. They can also be policy makers—for example, a general who is president, but also runs the military. Policy makers are more commonly the highest unelected officials, either from the civil service or appointed. Politicians set the general policy direction, while policy makers implement those directions and also set and enforce the conditions under which service providers operate. Accountability subrelationships between politicians and policy makers are usually derived from the constitution or administrative law.

**Service delivery framework or chain:** The four service-related actors—citizens/clients, politicians/policy makers, organizational providers, and front-line professionals—and the four relationships of accountability that connect them:

- **Voice and politics:** Connects citizens and politicians.
- **Compacts:** Connects politicians/policy makers and providers.
- **Management:** Connects provider organizations with front-line professionals.
- **Client power:** Connects clients with providers.

**Voice and politics:** This is the most complex accountability relationship. It connects citizens and politicians and includes formal and informal processes such as voting, electoral politics, lobbying, propaganda, patronage, clientelism, media activities, information access, and others. Citizens delegate to politicians the functions of serving citizen interests and financing government through taxes. Politicians perform by providing services. Citizens enforce accountability through the short and long routes discussed above.
policy makers—working through political institutions—who then provide the policy and resources for providers (organizations and individuals) to run services, with important relationships of ‘management’ within providers, especially with respect to influences on front-line workers’ behavior. When such a long route works, it is the classic model of an effective Weberian bureaucracy that is ultimately accountable to citizenry through an elective democracy. The so-called “short-route” involves the more direct influence of the ultimate beneficiaries, when clients directly control how services are delivered or have the effective capacity to choose from whom they get services.

Such a framework helps understand service delivery problems. When governments do not feel the pressure to respond to citizen demands, when they are incapable of enforcing basic performance rules on those directly responsible for service delivery, and when citizens have no control or choice over service providers, typically services will fail. Unless there is an enabling environment (one that provides opportunities for, rewards and recognizes “good” behavior, that supports those that try, that controls abuse of various types, that learns from mistakes, and has the chance to adapt), individual effort by committed providers and users will go to waste. The (public policy) trick is to help establish such an enabling environment.

**Latin American Political and Institutional Context**

Within this type of framework for interpreting service delivery, it is fundamental to understand the broader political and institutional context where delivery mechanisms operate. And the last two decades have seen a deep transformation in Latin America and Caribbean (LAC) countries. First, the region has moved from being a set of countries where democracy was the exception, to one in which it is the rule. In 1980, a majority of LAC countries did not have democratically elected governments. Today, most of these countries are political democracies with national authorities elected in free and competitive elections, with freedom of expression and association. The shift from authoritarian to constitutional rule and more competitive electoral systems constitutes a major development, particularly when seen in historical perspective. The spread of democracy has provided a large number of citizens, hitherto excluded from the political decision-making processes, with mechanisms through which they can voice their demands for better services, though whether government will actually respond to these demands is still subject to a range of political and social factors that often limit actual exercise of citizens’ rights.

Second, governments in the LAC region have become significantly more decentralized in political, administrative, and fiscal terms. This is best understood as a particular dimension of democratization. The number of popularly elected subnational governments has expanded throughout the region, achieving what has been called a “silent revolution” (Campbell 2003). These governments have acquired growing service delivery responsibilities and channel a larger share of total public spending on key services’ provision. This has also entailed a growing transfer of revenue authority to local levels, in the form of transfers, taxes, or access to debt.

Third, there was a process of redefining the state’s role that involved increased contracting out to private and nongovernment service providers, wholesale privatization (especially in the infrastructure sectors), and more generally, a movement toward enhancing the role of competition in many economic activities, including the provision of key services.

Fourth, there has been rising activity by civil society actors, from NGOs to identity-based movements (notably amongst indigenous groups), both in the delivery of services and as actors seeking different policies. This has sometimes been associated with efforts by national or local governments to open up government decision-making to citizens and civic organizations.

*Interpreting service delivery successes and failures in Latin America.* If accountability relationships between citizens, policy mak-
ers, and service providers are key to effective service delivery, and there have been both systemic reforms (expanding national and local democracy) and an array of specific experimentation (privatization, increased choice), why is the current service delivery condition still problematic, especially in terms of inequality and quality? Chapter 3 systematically explores this issue.

The general message is that institutional reform is a long-term endeavor, and there are no magic bullets. The political and institutional changes noted above are important and are broadly positive for service delivery. However, history has bequeathed the region weak and unequal formal and informal institutions. While conditions vary considerably across countries, institutional structures are often clientelistic and, especially in countries with ethnic and social cleavages, socially exclusive. Throughout the region, the poor are typically disempowered. Greater formal democracy and decentralization have opened political opportunities, but procedural democracy is only one element in the shift to broadly accountable governments, and decentralization sometimes only leads to relocating patronage and the consequent capture of benefits by local elites.

An important corollary of this analysis is that service delivery’s effectiveness for both poor and nonpoor people is highly dependent on the institutional context where the delivery takes place. Similar designs and spending levels on delivery of education, health, roads, water, electricity, or other services can have very different effects depending on how they work in practice, both across countries and across localities within countries. For example, decentralized delivery with local participation may lead to great service quality for the poor in one situation, but be captured by clientelistic practices of local elites in another, or rendered ineffective by unmotivated and underpaid front-line workers in yet another. When we turn to specific experiments in service design, we see considerable variety. Privatization can lead to greater service efficiency, coverage, and quality for the poor in one case, but corruption and increased prices in another.

We also analyze these experiences through an additional prism that examines the extent to which the poor (and the nonpoor) are “empowered” in their relationships with both policy makers and service providers—whether service-providing organizations or front-line workers. In essence, we see poor people’s empowerment as the product of the interaction between what we term the “agency” of the poor (i.e., their capacity to exercise choice, to envision alternative courses of action, and to act upon their choices) and the social and political opportunity structure (i.e., the institutional context within which poor actors operate) that enables the exercise of that agency. This opportunity structure depends on a variety of factors, including the openness of formal or informal institutions, the power and cohesiveness of elite groups, and the state’s bureaucratic capacity. The extent of empowerment is fundamental to both the overall service coverage and quality, whether under public, private, or nongovernment auspices, and the workings of particular institutional design experiments.

While context is central—and there are no magic bullets—it is possible to interpret success and failure patterns. Overall, we find that “long-route” reforms have brought mixed results when used to strengthen both policy makers’ responsiveness to citizens and the internal performance of service delivery mechanisms. Such deep institutional reform is proving to be a much longer-term endeavor than was originally envisioned, especially when the poor have historically been not empowered or have not been incorporated in local or national polities through clientelistic structures. In some cases, however—within some social funds or privatization experiences, for example—there are important positive experiences, but this greatly depends on the political and institutional context. By contrast there are many positive cases of “short-route” mechanisms that have brought gains through either increased choice of clients (for example, as a product of increased competition for telecommunications) or increased client power (for example, in experiments in greater parental influence on schooling).
In chapter 4 we turn to implications for future policy design and formulation. Drawing on the interpretation of past successes and failures, we argue for approaches that seek both to work through the long path to strengthen the long route of greater accountability to all citizens and strengthen the workings of core government services, and continued experimentation with a variety of short-route mechanisms. These two routes are seen as highly complementary. In both it is fundamental to link specific technical designs with measures to empower the poor, both through strengthening their agency and improving the institutional opportunity structure where they live and potentially influence policy makers, organizations, and front-line workers. In designing policies, it is important to shape designs and approaches in light of the country or local context—the best changes in Chile may be quite different from those in Guatemala, and those in Brazil’s southeast different from the northeast.

Finally there are important conclusions for the policy design process. Integrated within democratic debate, systematic exploration and evaluation processes are key for both the “technical” design issues and for the broader process of empowering all citizens and making decisionmakers more accountable. External actors can play a valuable complementary role, but this needs to be shaped to support internal policy experimentation and accountability processes, by exploring opportunities to support institutional change, strengthen evaluation and debate processes, and facilitate systematic sharing of experiences.

Notes
1. Salamon et al. (1999) present a quantitative assessment of the service delivery role that NGOs played in Argentina, Brazil, Colombia, Mexico, and Peru.